



# webinar

## Member briefing on proposed changes to Education Standard

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[afa.asn.au](http://afa.asn.au)

# Today's webinar

- One hour of CPD available, the AFA will send details within the next week.
- As a webinar attendee you will remain on 'mute' throughout the session.
- Questions will be answered at the end of the presentation. Please use the Zoom Q&A function (not the chat function).



# Agenda

- Introduction and background
- What the Government has proposed
- AFA member survey results
- AFA objectives
- AFA recommendations
- What happens next
- Q&A

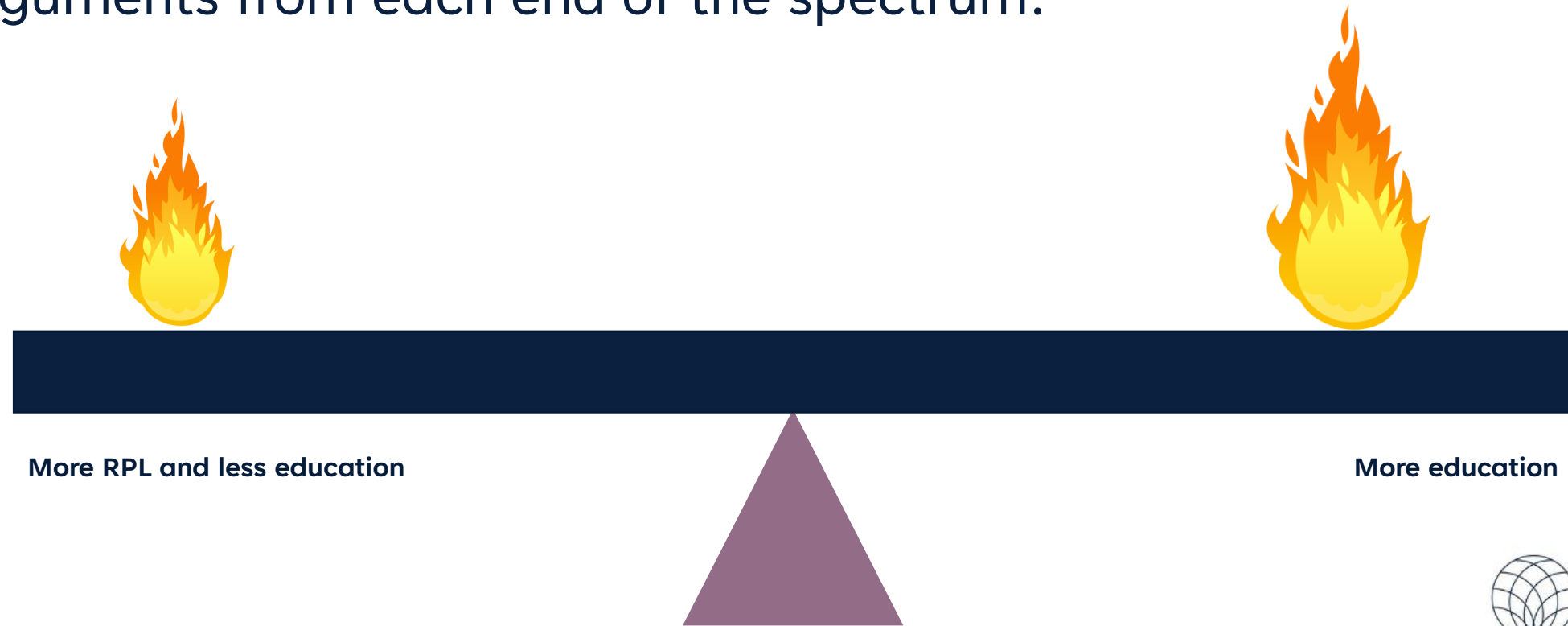


# Introduction & background

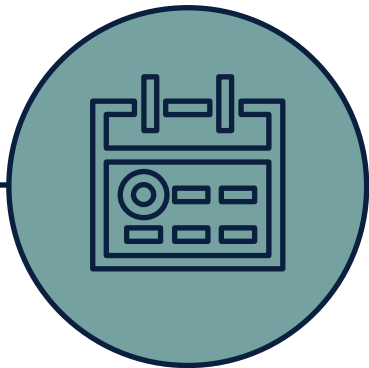


# The Education debate

Responses have been passionate and vigorous with strong arguments from each end of the spectrum:



# The education journey has been a long one



**2009**

Ripoll Inquiry into Storm and Other Collapses

**2011**

ASIC Consultation Paper 153  
New Training and Assessment Framework for Financial advisers

**2013**

ASIC Consultation Paper 212  
Enhancements to Training Standards for Financial Advisers

**2014**

Parliamentary Joint Committee Inquiry into Lifting Professional Standards in Financial Services  
Senate Inquiry into the Performance of ASIC  
Financial System Inquiry

**2015**

Government response to Financial System Inquiry

# Education has contributed to attacks by the media

In the years prior to the Professional Standards for Financial Advisers Bill being passed in 2017, there was common reference to the lack of education standards for financial advisers:

*The Sydney Morning Herald*

## Cheating rife in financial planning

By **Adele Ferguson** and **Ben Butler**

Updated August 16, 2014 – 7.31am, first published at 12.15am

- [Less training than a hairdresser](#)



# The AFA's position

The AFA has long supported higher education standards, but at the same time called for a sensible transition model for existing advisers.

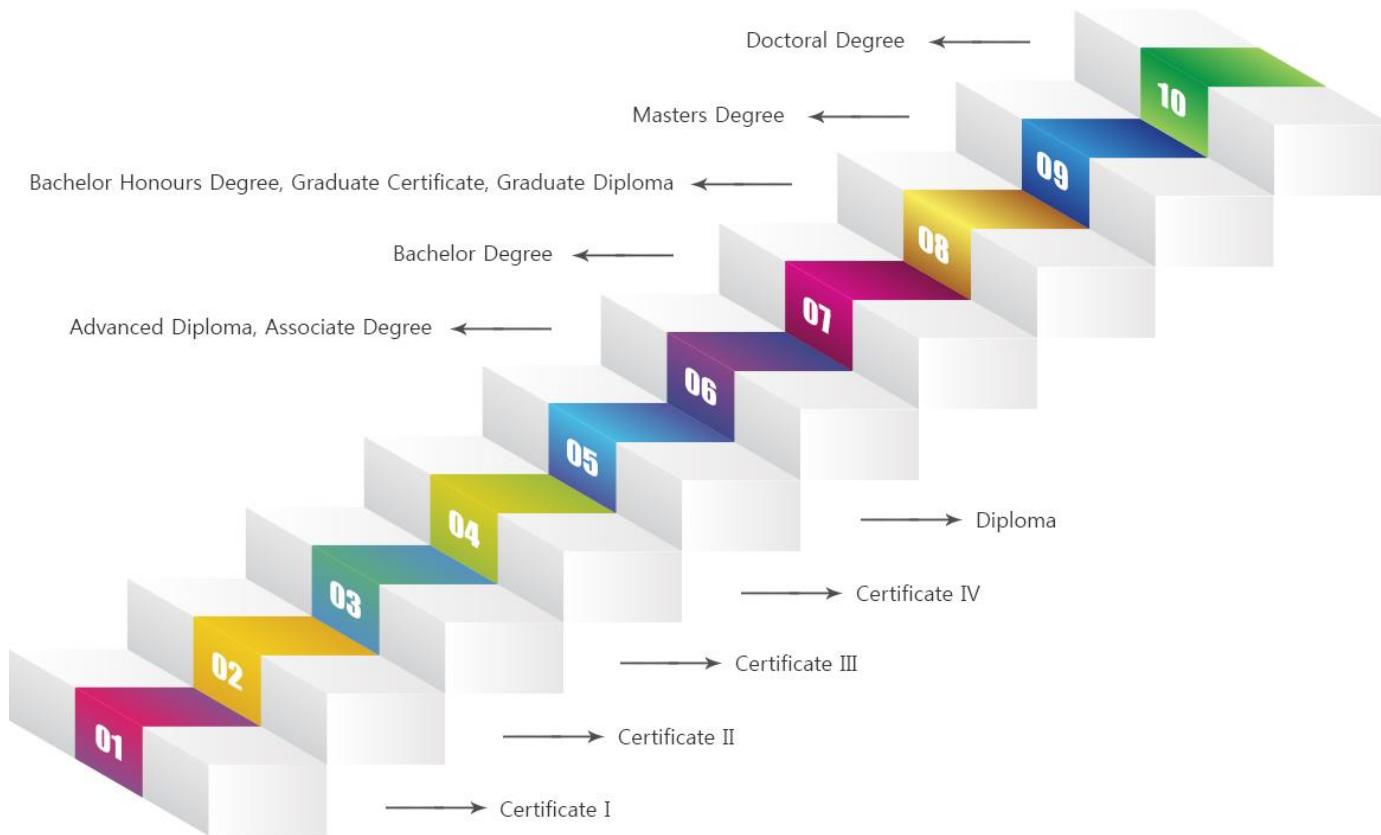
- In 2014, we argued that an ADFP was a sensible increase in the standard for existing advisers.

The education debate changed in December 2017 when FASEA first indicated that the standard would be set at an eight subject Graduate Diploma (AQF level 8).





# The Education Standard – What does AQF mean?



Course	Level	Subjects
Masters Degree	AQF 9	12
Graduate Diploma	AQF 8	8
Graduate Certificate	AQF 8	4
Undergraduate Degree	AQF 7	24
Advanced Diploma	AQF 6	4
Diploma	AQF 5	4
RG 146	N/A	N/A

# The AFA's position (cont.)

Since December 2017, The AFA has set out two policy positions:

- June 2018 - the AFA argued for experienced older advisers to have access to a four subject Graduate Certificate, subject to a sunset clause
- December 2018 - the AFA called for credit for experience as a proxy for earlier courses and CPD and suggested 3 subjects for 15+ years experience, 2 subjects for 10-15 years and 1 subject credit for over 5 years experience

This has been the AFA's policy position since that time, and we have continued to advocate on this with FASEA, the Government and other politicians on your behalf.



# The Explanatory Memorandum supported RPL

The Explanatory Memorandum to the Professional Standards Bill spoke to the recognition of RPL, and we have repeatedly referred to this:

- 6.8 These provisions are designed to allow **flexibility for existing providers**, ensuring that they only need to undertake adequate study to bring their qualifications in line with the new standard. It is not expected that existing providers will be required to complete a three year degree.
- 6.9 For the avoidance of doubt, **the new law explicitly states that courses undertaken before the new law commences must be taken into consideration. The body may take into account diploma or degree courses, licensee training courses or CPD.**
- 6.11 The length of time that the adviser has been in the industry is not itself a relevant consideration. The body may, however, **take into account the fact that an adviser who has been in the industry for a longer period of time has completed more CPD courses.**



# The AFA Principles – June 2018

**Professionalism**- lifting education standards to regain trust

**Equity**- fairly recognise all previous study

**Sustainability**- avoid a mass exodus

**Value**- allow further study to be in an area of value



# The definition of a profession

The Australian Council of Professions' definition of a 'Profession' includes:

“ A profession is a disciplined group of individuals who adhere to ethical standards and who hold themselves out as, and **are accepted by the public as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level**, and who are prepared to apply this knowledge and exercise these skills in the interest of others. ”



# What the Government proposed



# Government announcement – 16 December 2021

Government has proposed two new pathways – Experience and Qualification:

- **Experience-** Any existing adviser with 10 years or more experience as at 1 January 2026, with a clean record, would only need to do the Code of Ethics Subject (estimated to be around 75% of existing advisers)
- **Qualification-** completion of a bachelor's degree or higher with at least 8 units in a related field of study (15 areas listed). Units can be across a single or multiple qualifications. Existing advisers will be limited to 2 subject credits as per the FASEA RPL policy (i.e. ADFP, professional designations etc.)

This proposal impacts both new and existing advisers. The consequences of the Qualification pathway are broad. The FASEA approved courses list will disappear and licensees and advisers will need to take on more responsibility for the assessment of completion of the education requirements

*Shadow Minister Stephen Jones first recommended a substantial change on 8 December 2021*



# What does Clean Record mean? – SDB Sanctions

It would appear that advisers would be disqualified in the following cases:

Responsible Entity	Sanction	Experience Pathway Disqualified
ASIC**	Banning	Yes
FSCP	Prohibition	Yes
	Suspension	Yes
	Undertake specified training	Yes
	Receive specified counselling	Yes
	Receive specified supervision	Yes
	Report specified matters to ASIC	Yes
	Written warning or reprimand	No
ASIC	Written warning or reprimand	No

*Note: Disqualification from the Experience pathway could occur as a result of a sanction up to 31 December 2025*





# AFA Member Survey



# Education status

What is your current status in terms of meeting the FASEA Education Standard?

I already meet the FASEA education standard	159	30.1%
I am making good progress towards the FASEA education standard	177	33.5%
I have not started, however I intend to meet the FASEA education standard	83	15.7%
I do not intend to undertake any further study	110	20.8%
<b>Total</b>	<b>529</b>	<b>100.0%</b>

How would you classify your education status before having commenced further study?

I have a FASEA Approved Degree	58	11.0%
I have a Relevant Degree	23	4.4%
I have a Relevant Degree (8 subjects in a relevant field) and other exemptions (i.e. Post grad qualification, ADFP or a professional designation)	68	12.9%
I have some exemptions (i.e. 4-7 relevant subjects, non-relevant degree, ADFP or a professional designation)	299	56.6%
I have no exemptions	80	15.2%
<b>Total</b>	<b>528</b>	<b>100%</b>



# Recognition of Prior Learning and Experience

Do you think that FASEA got the recognition for prior learning and experience right in their policy?

Yes, they provided an appropriate amount of recognition	104	19.6%
No, they did not adequately recognise prior learning and experience	400	<b>75.5%</b>
I am undecided	26	4.9%
Total	530	100%

Would you support an increased level of recognition for prior learning and experience?

Yes	396	<b>74.7%</b>
No	106	20.0%
Undecided	28	5.3%
Total	530	100%

# The Government's Education Standards for Financial Advisers Policy Paper

The Government have issued a proposal paper to significantly redesign the education standard, including introducing an Experience Pathway that will require advisers with over 10 years experience as at 1 January 2026, who have no sanctions recorded against them, to do only the Code of Ethics subject. Do you support what the Government has proposed with the Experience Pathway?

Do you support what the Government has proposed with the Experience Pathway?		
Yes	283	53.6%
No. I support better recognition for prior learning and experience, however I think that the Government has gone too far.	132	25.0%
No. I support the current FASEA model.	96	18.2%
I am undecided	17	3.2%
Total	528	100%

# The Government's Education Standards for Financial Advisers Policy Paper

If you oppose the introduction of an Experience Pathway, what are your reasons?

I think this undermines recognition of financial advice as a profession	115	22.0%
I have already done the necessary study and do not think that this is fair	45	8.6%
I think that we need to lift the minimum standard and everyone should need to do some amount of further study	77	14.7%
Not Applicable – I support the proposal	286	54.7%
Total	523	100%

Do you support the 10 years experience test applying at 1 January 2026?

Yes	297	56.4%
No	230	43.6%
Total	527	100%



# The Government's Education Standards for Financial Advisers Policy Paper

If the Government do go ahead with an Experience Pathway option, how do you recommend that it be framed?

<b>What the Government have proposed in doing just the Code of Ethics subject</b>	260	49.1%
<b>The completion of a four subject Graduate Certificate with some access to exemptions for prior learning</b>	83	15.7%
<b>The existing model, however with credit of additional subjects for experience</b>	105	19.8%
<b>I do not support any change</b>	82	15.5%
<b>Total</b>	530	100%

# Analysis of combination questions

Responses to two questions – Current education status and support for increased RPL				
Current Education Status	Support for increased RPL			
	Yes	No	Undecided	Total
I already meet the FASEA education standard	47.8%	43.4%	8.8%	100%
I am making good progress towards the FASEA education standard	76.8%	16.9%	6.2%	100%
I have not started, however I intend to meet the FASEA education standard	92.8%	7.2%	0.0%	100%
I do not intend to undertake any further study	96.4%	0.9%	2.7%	100%

# Analysis of combination questions

Responses to two questions – Current education standard and support for the Government’s proposal

Current Education Status	Support for Government Proposal				Total
	Yes	Govt Gone too Far	Retain FASEA Std	Undecided	
I already meet the FASEA education standard	21.4%	35.2%	39.6%	3.8%	100%
I am making good progress towards the FASEA education standard	54.8%	24.9%	16.9%	3.4%	100%
I have not started, however I intend to meet the FASEA education standard	84.3%	9.6%	2.4%	3.6%	100%
I do not intend to undertake any further study	75.0%	22.2%	0.9%	1.9%	100%



# AFA objectives



# The AFA's objectives

**Adviser Numbers-** Sensible retention of as many appropriately qualified financial advisers as possible

**Public Recognition of Financial Advice as a Profession-** It is essential that this change of policy does not undermine the public recognition of financial advice as a profession

**Supportive of an Ongoing Commitment to Learning**

**Strength of the Financial Planning Academic Sector/Community-** Continued support of the academic sector in running financial planning courses and supporting research in financial advice

**No Regrets-** We would like to avoid the situation where the leaders of the financial advice profession in five or ten years time look back on this decision with regret

**Defining Core Knowledge areas-** The new education standard should define the core knowledge areas that are required for all new advisers

# AFA recommendations



# The AFA's recommendations

Category	Recommendation
Overall	<ul style="list-style-type: none"><li>• No one should be worse off relative to their current situation</li><li>• Continued access to the FASEA options</li></ul>
Experience Pathway	<p>A graduated pathway based upon:</p> <ul style="list-style-type: none"><li>• Advisers with more than 20 years experience being required to do a four subject Graduate Certificate, with 2 subjects credit</li><li>• More than 15 years experience, but less than 20 years – a Graduate Certificate with one subject credit</li><li>• More than 10 years experience, but less than 15 years - a four subject Graduate Certificate</li></ul> <p>An increased education standard in lieu of the potential loss of access to the Experience pathway for those with sanctions</p>

# The AFA's recommendations (cont.)

Category	Recommendation
Qualification Pathway	Requirement to complete a bridging course for new advisers without specific financial advice core knowledge Cap on FASEA exemptions to be removed or increased to four
New Entrants	Consideration of options, including funding support, to encourage employers to appoint more Professional Year candidates

# Other AFA recommendations

The AFA has made the following additional recommendations:

- The AFA supports high professional standards, however we have concerns about the clean record requirement (no sanction from the FSCP before 1 January 2026) for the Experience pathway. The FSCP is brand new. There are serious implications for someone who gets a sanction when it is too late
- We believe that 10 years full time experience out of the last 12 years is flawed. This would preclude anyone working 4 days a week, and would be very difficult for people who have taken maternity leave and returned to work part-time
- We have called on the Government to consider changes to the PY model, including how they can incentivise more businesses to offer PY opportunities

# Other submissions

- One association recommended this be addressed as part of the Quality of Advice review. Or, it should only be available to advisers over 55 years at 1 January 22, who have 15 out of 20 years experience, with a 10 year sunset clause
- One association suggested the experience criteria should be 20 years out of the last 25
- Another recommended the Experience pathway should apply to advisers with 10 years experience from 1 January 2022, have a recognised historical qualification and completed 2-4 subjects that meet the education standard.

**Next steps**





# How might this play out in 2022?

This does not require legislation - it can be implemented by the Minister.

Note: 2022 is an election year, and we want this resolved before the election:

- Last possible date for the Federal election is 21 May 2022
- For an election on 21 May, it would need to be called by Easter Monday – 18 April 2022
- Thus, any decision to change the Education Standard would need to be enacted before Easter

It is now in the hands of the Government



# Questions



# Access to webinar content

- Today's webinar recording, presentation slides and a CPD assessment quiz will be uploaded to [afa.asn.au](http://afa.asn.au)
- All registrants will receive an email confirming when available
- Get in touch at [info@afa.asn.au](mailto:info@afa.asn.au) if you have any questions

**Thank you for joining us today**

