



**Financial Adviser Standards and Ethics Authority**

# **Proposed Guidance on Education pathways for Existing Advisers**

## **CONSULTATION OPEN**

FASEA is seeking feedback from all stakeholders (including the advice sector, consumers, educators and regulators) concerning this guidance document, which sets out proposed education and qualifications pathways, as well as degree equivalence for existing advisers.

The Standards Authority invites you to provide written submissions and/or comments via a dedicated consultations address ([consultation@fasea.gov.au](mailto:consultation@fasea.gov.au)).

The Standards Authority intends hosting a series of events, potentially including webcasts, roadshows and presentations at industry and consumer forums.

Further details on event dates and venues will be released via the Standards Authority website.

PLEASE **DOWNLOAD A COPY** OF THE PROPOSED GUIDANCE TO  
AID IN MAKING YOUR SUBMISSION

## Introductory comments

The proposed guidance on education pathways for existing advisers has been released as a consultation which is open until 29 June 2018.

The Standards Authority recognises that the legislation requires all relevant providers to consider whether they have the right qualifications to ensure compliance or whether they need to undertake further study.

This requirement for education is in accordance with section 921B(2) of the Corporations Amendment (Professional Standards of Financial Advisers) Act 2017, which identifies the standards for a relevant provider as:

*[T]he person has completed a bachelor or higher degree, or equivalent qualification, approved by the standards body under section 921U;*

s 1546B (1) of the Act states that by 1 January 2024, existing advisers need to have either:

- (a) met the education and training standard in subsection 921B(2);*
- (b) completed one or more courses determined by the standards body to give the provider qualifications equivalent to that standard.*

As such, the Standards Authority will not be seeking submissions on whether education should be undertaken or whether a bachelor or higher degree, or equivalent qualification, is the correct level of qualification.

The Standards Authority acknowledges that there are many Advisers from a wide variety of professional backgrounds who may already hold qualifications. This proposed guidance is intended to provide a clear pathway of education for every Adviser.

The infographic on the next page may assist with your considerations.

The consultation will seek feedback on the **relevance and application** of the proposed guidance and how the Adviser community might be supported in adopting the requirements.

We are interested to receive input on the proposed pathways from educators, the community and community representatives, as well as the Adviser community.

## Education pathways

I am ....	The study pathway I need to follow...	Rules and topics
<p>An Existing Adviser</p> <p>– I <b>do not</b> have a degree (AQF7) or above qualification</p>	<p><b>Graduate Diploma</b></p> <p>AQF 8</p> <p>OR</p> <p>Other Approved Qualifications (Degree or Masters - AQF7 and above)</p>	<p>made up of 8 courses, including courses in:</p> <ul style="list-style-type: none"> <li>• Corporations Act (emphasis on Chapter 7 - Financial services and markets)</li> <li>• The FASEA Code of Ethics</li> <li>• Behavioural Finance: Client and consumer behaviour, engagement and decision making                             <ul style="list-style-type: none"> <li>• Full content to be confirmed by end 2018</li> </ul> </li> <li>• RPL may be available for advisers who have completed educational programs and/or professional designations.</li> </ul>
<p>An Existing Adviser</p> <p>– I have a degree (AQF 7 or above) but it is <b>not</b> in a RELATED field of study</p>	<p><b>Graduate Diploma</b></p> <p>AQF8</p>	<p>made up of 8 courses, including courses in:</p> <ul style="list-style-type: none"> <li>• Corporations Act (emphasis on Chapter 7 - Financial services and markets)</li> <li>• The FASEA Code of Ethics</li> <li>• Behavioural Finance: Client and consumer behaviour, engagement and decision making</li> <li>• RPL may be available for advisers who have completed educational programs and/or professional designations.</li> <li>• FASEA would expect greater RPL credits to be available for Advisers with formal qualifications</li> </ul>
<p>An Existing Adviser</p> <p>– I have a degree (AQF 7 or above) and it <b>is</b> in a RELATED field of study</p>	<p><b>Bridging Course</b></p> <p>AQF 8</p>	<p>made up of 3 courses, including courses in:</p> <ul style="list-style-type: none"> <li>• Corporations Act (emphasis on Chapter 7 - Financial services and markets)</li> <li>• The FASEA Code of Ethics</li> <li>• Behavioural Finance: Client and consumer behaviour, engagement and decision making</li> </ul>
<p>An Existing Adviser</p> <p>– I have a degree <u>and</u> a post graduate qualification in a RELATED field of study</p>	<p><b>Bridging Course</b></p> <p>(single subject)</p> <p>AQF 8</p>	<p>made up of 1 course, covering:</p> <ul style="list-style-type: none"> <li>• The FASEA Code of Ethics</li> </ul>

I am ....	The study pathway I need to follow...	Rules and topics
An Existing Adviser with an approved FPEC* qualification	<b>Bridging Course</b> (single subject)  AQF 8	made up of 1 course, covering: <ul style="list-style-type: none"> <li>• The FASEA Code of Ethics</li> </ul> The requirement to undertake this single unit of study is an addition to the 14 December 2017 proposal, and reflects the importance of education in the FASEA Code of Ethics for all relevant providers.

\* currently the only 'approved qualifications' are those approved by the Financial Planning Education Council at AQF 7 and AQF 9.

The amount and level of education required to be undertaken will be dependent on the qualifications that an adviser already holds.

The Standards Authority has determined that bridging courses are a legitimate education pathway for compliance with s 1546B (1)(b) for an adviser that already holds an AQF7 (or higher) qualification in a related discipline.

The courses identified for the Bridging Course options have been chosen because they represent fields of study that have not typically been undertaken in formal qualifications issued prior to 2018 and they bring the greatest opportunity for legal awareness, consumer outcomes and enhanced ethical practice.

## Supporting Information

### Level of course delivery

The Standards Authority expects that the 3 areas of study in the typical bridging course will be delivered and assessed at the level of AQF 8, so the approximate time allocation of study will be 120 hours per subject.

At this stage the Standards Authority has determined that only Higher Education Providers can offer Bridging Courses.

### What is a related qualification?

The Standards Authority has determined that qualifications at AQF 7 or above that contain the following disciplines as a major/specialisation can be identified as related qualifications, regardless of when they were obtained.

- Financial Planning/Advice/Services
- Accounting
- Finance
- Tax
- Law
- Economics

FASEA reserves the right to issue further guidance about related qualifications and the way they are assessed by higher education providers.

### Professional designations

Designations are not identified on the Australian Qualifications Framework and do not equate to a qualification on their own. The education undertaken as part of achieving a professional designation is a valuable component of professional expertise and background and a Higher Education provider is entitled to take that into account as part of potential RPL exemptions for qualifications.

## How does this relate to AQF?



Qualification Hierarchy	AQF Level	Study time
Masters	9	<ul style="list-style-type: none"> <li>Typically 16 units</li> <li>Approx 3 years of part-time study</li> </ul>
Graduate Diploma	8	<ul style="list-style-type: none"> <li>Typically 8 units</li> <li>Approx 2 years of part-time study</li> </ul>
Graduate Certificate	8	<ul style="list-style-type: none"> <li>Typically 4 units</li> <li>Approx 1 year of part-time study</li> </ul>
Bridging course (3 units)	<b>No AQF outcome</b>	<ul style="list-style-type: none"> <li>3 units (360 hours)</li> <li>Less than 1 year of part-time study</li> <li>Will articulate into AQF qualifications</li> </ul>
Bridging course (1 unit)	<b>No AQF outcome</b>	<ul style="list-style-type: none"> <li>1 unit (120 hours)</li> <li>Approx 2 months of part time study</li> <li>Will articulate into AQF qualifications</li> </ul>
Degree	7	<ul style="list-style-type: none"> <li>Typically 24 units</li> <li>Approx 6 years of part-time study</li> </ul>
Advanced Diploma	6	<ul style="list-style-type: none"> <li>Not an approved level of qualification.</li> <li>May provide credit and exemption – speak to Higher Education Provider</li> </ul>
Diploma	5	<ul style="list-style-type: none"> <li>Not an approved level of qualification.</li> <li>May provide credit and exemption – speak to Higher Education Provider</li> </ul>

## Education options

### Higher Education Providers

The qualifications required under the FASEA Standards are at AQF 7 (or above) and so can only be issued by approved Higher Education Providers.

At this stage the Standards Authority has determined that the Bridging Course pathways can also only be offered by Higher Education Providers.

The Tertiary Education, Quality and Standards Agency (TEQSA) is the national regulator of Higher Education Providers and closely observes the qualifications that are issued.

FASEA will also develop its own program and provider accreditation standards to ensure that the quality of education available to the marketplace meets the expectations of FASEA, the industry and the wider community.

### Education availability

According to TEQSA's December 2017 report, there are currently 40 Universities and 122 non-University Higher Education Providers in Australia. Not all Higher Education Providers will offer programs in this field, but the disciplines of Business and Finance are amongst the most common offerings in Australia.

It may take some time for new FASEA approved qualifications and bridging courses to come on the market. The Standards Authority anticipates that course options will become progressively available from the beginning of 2019, allowing five years to comply with this Standard.

### What is Recognition of Prior Learning (RPL)?

Most Advisers have already gained a variety of qualifications through their varying years of practice and in some cases these will provide recognition of prior learning (RPL) options.

Advisers may be eligible for exemptions via RPL for certain approved qualifications. At this stage FASEA does not intend to allow RPL in the bridging course programs.

RPL is a matter of individual policy for the Higher Education provider. TEQSA reviews the RPL that a provider offers, which usually does not exceed 50%.

FASEA reserves the right to not be bound by RPL awarded outside of TEQSA guidelines.

FASEA also intends to monitor and review RPL practices and may issue further guidance for providers in the future.

#### How does this align to education regulations in related regimes?

The subject of Taxation Law is anticipated to be included in Graduate Diploma programs, so as to provide additional alignment to the Tax Practitioner obligations for all Tax (Financial) Advisers.

#### How does this relate to the Exam?

A national exam must be passed all relevant providers. Formal education through the range of education pathways will likely improve an adviser's capacity to meet the requirements of the national exam.



# FASEA education pathways explained



For further information about approved Degrees, Graduate Diplomas and Masters, please visit [fasea.gov.au/standards-and-guidance](https://fasea.gov.au/standards-and-guidance)

March 2018

## MAKE YOUR SUBMISSION

Your submissions on this consultation paper will assist FASEA to finalise its Standard for education pathways.

Submissions must be provided in writing to our dedicated consultation address ([consultation@fasea.gov.au](mailto:consultation@fasea.gov.au)).

**Due date for submission: 5pm 29<sup>th</sup> June 2018**

### Consultation interests of FASEA

#### Feedback on the proposed guidance

We encourage you to provide feedback on any aspect of the proposed standard and its **practical application**.

#### Feedback on pathways

Different pathways exist for advisers with different qualifications.

Are the **proposed education pathways** appropriate for each type of Adviser?

- A) New Entrant?
- B) Existing Adviser with no qualifications at AQF 7 (or above)?
- C) Existing Adviser with qualifications in unrelated disciplines?
- D) Existing Adviser with qualifications in related disciplines at AQF 7 (or above)?
- E) Existing Adviser with qualifications and post graduate qualifications in related disciplines?
- F) Existing Adviser with approved FPEC qualification?

### Feedback on public outcome

Do you think increased education standards will assist in providing higher quality advice?

Do you think these education pathways meet the expectations of consumers?

- If so, why?
- If not, why not?

### Information about you

It will assist FASEA to understand the background and breadth of respondents to this consultation.

If possible please indicate your engagement with the sector. For instance, I am a financial adviser, or I am a consumer/client (or licensee, industry association, consumer group etc..) and your name, job title (if relevant) and role in making the submission.

You may also advise if you want your submission (or parts of it) to be treated as **confidential**.

The Standards Authority appreciates that you may have specific questions from the proposed guidance. We invite you to provide your submission and feedback through this process and advise that, while we will not be able to respond to individual queries, feedback received will be collated for consultation and may assist FASEA in the development of FAQs that will be progressively updated on our website – [www.fasea.gov.au](http://www.fasea.gov.au).