
Year Two *Case for Change* Financial Services (FNS)

FNS

Year Two Case for Change

Projects 1I & 1K

May 2018

Project 1I – Review of customer service, sales and industry advice unit of competency

Project 1K – Review financial markets units of competency

Version 1.0 – May 2018

Administrative information

Name of IRC: Financial Services IRC

Name of SSO: PwC's Skills for Australia

Name of Training Package: Financial Services Training Package

Case for Change:

1. Project 1I – Review of customer service, sales and industry advice units of competency
2. Project 1K – Review financial markets units of competency

This Case for Change was agreed to by the Financial Services IRC.

Allan Jones



8 May 2018

FNS IRC Chair

Signature of Chair

Date

This case for change was established as a result of initial research and consultations outlined in the Industry Skills Forecast and Proposed Schedule of Work (2017) for the Financial Services IRC and is submitted for endorsement by the Australian Industry and Skills Committee.

Case for Change

This case for change is proposed in response to the following industry drivers for change:

Project 1I – Review of customer service, sales and industry advice units of competency

Industry drivers

- A. Duplication of customer service units of competency across training packages:** The skills and knowledge required to provide effective customer service tend to be similar regardless of the type of product or service being delivered. As such, the large number of units of competency within the Financial Services Training Package which focus on customer service tend to duplicate the outcomes of training products in other training packages. Removing duplicated units, improving on and making better use of key existing customer service units, and importing appropriate units from other training packages would help rationalise the total size of the Financial Services Training Package and ensure it focuses on skills specific to the financial services sector.
- B. Fintech and automation mean some customer service aspects remain specific to Financial Services:** Fintech innovations and automation have resulted in fundamental changes to the way businesses within the financial services sector are seeking to engage with their members and customers. While this change has led to similar outcomes across various industries, (i.e. a shift from roles having a process-focus to a focus on improving the customer experience) there remains some elements of customer service which are unique to financial services. This includes providing explanations of complex financial analyses and/or outcomes to customers.
- C. Changes in regulation around the provision of advice:** Recurring and recent changes to legislation around the definition of and provision of information in financial services, be it factual, general, or personal advice, have led to a high degree of uncertainty in the sector around maintaining education and training compliance requirements in line with these regulations. The provision of ethical and reliable advice to consumers has also been a central theme of the Financial Services Royal Commission. As the provision of information and advice fundamentally occurs via communication with customers, it is vital that customer service units of competency relating to providing advice align with regulation.

Recommended Changes

- 1. Update 18 x units of competency native to the FNS training package** to improve the quality and reduce duplication of training outcomes related to customer service. Specifically:
 - a. **Delete 10 x units of competency** that have a generic customer-service focus. Units of competency from other training packages (likely Business Services (BSB)) will be imported in their place. *(Driver A)*
 - b. **Update 5 x units of competency** specific to FNS for relevance and currency. *(Driver B; Issue I)*
 - c. **Update 3 x units of competency** which relate to the provision of financial advice for currency with current legislation and regulations. *(Driver C; Issue II)*
- 2. Import 3 units of competency into relevant qualifications to function as key customer-service focused units**, at Certificate III (entry), Certificate IV (intermediate), and Diploma (advanced) levels. *(Driver A; Issue III)*

See also Attachment A – *Training package components to change*

Project 1K – Review financial markets units of competency

Industry drivers

- A. **Automation leads to change in skills requirements:** The financial markets sub-sector has been heavily impacted by technological changes, with tasks such as pricing of financial products and trading processes being largely automated. This has led to a shift in focus for workers from following processes to providing value by analysing and interpreting data for clients.
- B. **Shift in culture and values:** There is increasing recognition in financial markets that instead of prioritising profit alone, firms must also ensure that the best interests of the client are served and a professional service is provided. This shift has led to significant changes in the way advisers and dealers provide services to clients.
- C. **Focus on increasing trust and credibility in the sector:** The Financial Services Royal Commission has highlighted the importance for banks and financial institutions to focus on maintaining trust and credibility in the sector. As a result, ethical decision making has been highlighted as a vital focus within these institutions moving forward, particularly so that learners maintain ethical conduct when selling and dealing in financial products. Therefore legal obligations within the Corporations Act to manage conflict of interest will be considered as a minimum, to be reflected in the training package.
- D. **Licensing and regulatory changes:** Changes to licensing and regulatory requirements in the financial markets space occur frequently. Industry feedback has indicated that current training in this area can become outdated quickly, so training should be updated. In addition, training needs to provide learners with an understanding of how to be aware of changes and maintain their own knowledge in this space.
- E. **Accessibility issues in FNS80115 Graduate Diploma of Anti-Money Laundering and Counter Terrorism Financing:** Industry feedback has indicated that the stringent entry requirements for the Graduate Diploma may be excluding potential learners from undertaking the qualification who may benefit from the training, and in turn provide benefit to industry. The entry requirements for the Graduate Diploma should be reviewed, along with the existing skill set in Anti-Money Laundering and Counter Terrorism Financing to ensure effective options exist for learners seeking to upskill in this area.
- F. **Lack of clear educational pathway for custodians:** Learners currently undertake a group of units of competency in the FNS41115 Certificate IV in Financial Operations in order to seek entry to job roles as custodians. Stakeholder feedback indicates that industry would benefit from a skill set or a specialisation within an existing qualification such as the FNS51015 Diploma of Financial Markets, in order to provide a nationally recognised education pathway for custodians.

Recommended Changes

1. **Update 16 x units of competency** identified as being in scope for this project with the following criteria:
 - a. Update content of units of competency (including elements, performance criteria and assessment requirements) for their currency and industry relevance to financial markets occupational roles. Specifically:
 - i. Update units of competency for their content relating to communication and interpretation of data and ensure they are contextualised to current technological changes. *(Driver A; Driver B)*
 - ii. Update units of competency for their content relating to regulation such as RG105 Organisational Competence and the Anti-Money Laundering and Counter-Terrorism Financing Act and ensure they are contextualised to regulatory changes. *(Driver C; Issue II)*
2. **Update 4 x qualifications and 1 skill set** that are identified as being in scope for this project. Specifically:
 - a. **Update packaging of qualifications**, specifically core and elective unit options for their relevance. Inclusion of additional elective units related to ethical decision making such as FNSINC503 or FNSINC504 in the Graduate Diploma of Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF) will also be considered. *(Driver C)*
 - b. **Update entry requirements** so that more learners are able to enrol in the Graduate Diploma of Anti-Money Laundering (AML) and Counter Terrorism Financing (CTF). Extending the entry requirements to include greater recognition of operational experience will improve accessibility to the Graduate Diploma for learners to a level reflective of industry requirements. *(Driver E; Issue I)*
 - c. **Update the structure of FNS60715 Advanced Diploma of Financial Licensing Management** to ensure it includes the knowledge and skills required meet legislative requirements under RG105 (Organisational Competence) and the Treasury Laws Amendment Act 2017. *(Driver D)*
 - d. **Update the relevance of FNS41115 Certificate IV in Financial Market Operations with the possibility of deletion** due to low level enrolments and relevance in the industry. *(Driver F; Issue III)*
 - e. **Develop a custodian specialisation within an existing qualification, or a skill set.** The appropriate solution will be determined via further industry consultation. *(Driver F; Issue III)*

See also Attachment A – *Training package components to change*

Industry support for change

Industry views were captured via targeted stakeholder interviews, group teleconferences and through a public online survey. The method and scale of stakeholder consultation undertaken in building the case for change, and stakeholders' outstanding issues and dissenting views are outlined in Attachment B – *Stakeholder consultation method and scale*.

Issues identified by stakeholders

Project 1I: Review of customer service, sales and industry advice units of competency

- I. Existing units of competency are centred around customer service with emphasis on processes, when **in practice there has been a shift towards customer engagement and communication**. Therefore, units of competency should be amended to emphasise the principles of customer engagement.
- II. A theme from the Financial Services Royal Commission which has been highlighted by stakeholders is the blurred line between **sales vs. service for customer-facing employees** in the sector, particularly when it comes to providing appropriate and ethical financial information and/or advice.
- III. **Leadership units from the BSB Training Package may be appropriate for inclusion as key customer-service focused units** within Financial Services at relevant AQF levels.

Project 1K: Review financial markets units of competency

- I. There are a significant number of staff working in anti-money laundering (AML) and counter terrorism financing (CTF) areas **who do not have sufficient experience to qualify for entrance to the Graduate Diploma**, but who need to learn fundamental knowledge and skills to develop their career. There are differing opinions as to the best solution to this, with some stakeholders suggesting that the development of a Graduate Certificate (AQF 8) as a bridge to the Graduate Diploma (AQF 8) would be appropriate, while others believe this may unnecessarily crowd the training system.
- II. **Financial Advisers Standards Ethics Authority (FASEA) outlined that all existing advisers known as “relevant providers” will need to meet certain educational requirements**. The impact and clarification of new education requirements for those providing personal financial advice will need to be considered once these requirements are finalised by FASEA.
- III. There are dissenting views within the industry as to whether **a stream for custodians in the Diploma of Financial Markets would be appropriate**. It has been identified that specific units in the Certificate IV in Financial Operations are undertaken in order to lead to a custodian job outcome. Therefore, development of a specialisation or a skill set for custodians will be explored through further consultation.

Total proposed changes

See separate attachments for specific Unit of Competencies identified for the following review (See Appendix A for more detail).

Total proposed changes to training products	Number of training products Project 1I Customer service, sales and industry advice	Number of training products Project 1K Financial markets
Existing qualifications to be updated	0	4
Existing units of competency to be updated	8	16
Existing units of competency to be deleted	10	0
Existing qualifications for planned deletion	0	1
Existing skill sets to be updated	0	1
New skill set to be created	0	1

Impact of Change

Throughout the Case for Change process we have sought to gather multiple perspectives on impacts of the proposed changes to training products. Expected impacts relative to stakeholders for this project are outlined below:

Stakeholder	Impact
Industry / Employers	<ul style="list-style-type: none"> ● Potential employees have current and relevant skills ● Less 'on-the-job' training required ● Improved options for upskilling employees in financial markets ● Greater recognition of qualifications ● Greater certainty in meeting compliance and regulatory requirements and obligations
Registered Training Organisations	<ul style="list-style-type: none"> ● Increased flexibility in training product offerings ● Clearer links between training and specific occupations ● Potential increases in enrolments and completion rates
Students	<ul style="list-style-type: none"> ● Improved employability through clarity of financial markets training options ● Increased awareness and knowledge of customer service skills relevant across industries and those more specific to financial services ● Improved pathway for those aiming to upskill or develop knowledge in anti money laundering and counter terrorism financing

Other IRCs/Training Packages	<ul style="list-style-type: none"> Units of competency may be imported from other training packages, including the Business Services (BSB) Training Package. However, there will be no changes to the content of imported units and therefore no impact on other training packages outside the FNS Training Package and/or other IRCs.
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Risk of not proceeding with proposed response

The base case (the 'do nothing') option must be considered as an alternative to the proposed changes in order to enable effective comparison between the two scenarios. This option negates the need for investment in training products, however does not address the current state issues identified. The likely impacts of this option are outlined below:

<i>Existing Issue</i>	<i>Implications of not implementing proposed changes</i>
<i>The financial services industry will continue to lack a clear pathway to fulfill job roles in anti-money laundering and counter terrorism financing.</i>	Choosing not to consider the issue of industry need for greater accessibility to the Graduate Diploma will hinder those who hope to enter AML/CTF practice and mean VET is not meeting an emerging and growing industry need.
<i>Unnecessarily duplicated units of competency continue to exist across Training Packages.</i>	The VET system continues to be undermined by having large numbers of duplicated units of competency that meet similar learning outcomes. This would continue to contribute to a lack of clarity around skills developed by undertaking particular units of competency in customer service, sales, and industry advice, and detracts from the usability of the VET system.

Timeframes

PwC's Skills for Australia anticipates that a Case for Endorsement for the FNS Training Package will be submitted to the AISC by June 2019.

Implementing the COAG Industry and Skills Council reforms for Training Packages

<i>Reform</i>	<i>Evidence of reform being addressed</i>
<i>Removing obsolete and superfluous qualifications from the training system</i>	It is likely that multiple units of competency in customer service, sales and industry advice will be replaced by units from other training packages which meet similar learning outcomes, thus removing unnecessary duplication across the training system.
<i>Making more information available about industry's expectations of training delivery</i>	Training package components will be written so they align with industry expectations for training delivery, and will be released with an FNS Companion Volume that provides additional information.
<i>Ensuring the training system better supports individuals to move easily from one related occupation to another</i>	Training package components will be amended to ensure they are providing learners with skills that are transferable across occupations within Financial Services.
<i>Improving the efficiency of the training system by creating units that can be owned and used by multiple industry sectors and housing these units in a work and participation bank</i>	FNS units will be amended to ensure they provide training which is relevant across multiple industries. Units of competency from other training packages, such as the BSB Training Package, will be considered for inclusion where relevant in the FNS Training Package
<i>Fostering greater recognition of skill sets</i>	Future training product development work will consider opportunities to develop skill sets.