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ASIC's delays educational requirements until 30 June 2014

This coverage of the Regulatory Guide is certainly open to much discussion. Hopefully, Credit Licence holders and their authorised representatives will see the folly in operating in a regulated environment without the proper qualifications and education to ensure clients are given the correct professional advice. The delays in requiring responsible managers and authorised representatives in not having to complete their minimum Certificate IV in Financial Services (Finance/Mortgage Broking) or other relevant industry requirements until 30 June 2014, will certainly pose many potential problems moving forward.

The industry, as we know, is certainly in need of national regulation and being controlled by one national body such as ASIC, given credit is no more than another product that will now be recognised by ASIC from July 1st 2010. No doubt ASIC have their reasons for this lengthy transitional period and one may be that the lenders need more time to up-skill and train their large workforce. Unfortunately allowing such a time lag for completion may be seen by others as a way for non completion, until the final completion date requirements.

One only has to read the following transitional arrangements to understand the potential issues that will be confronted by licence holders, clients seeking comfort when dealing with finance/mortgage brokers and another area that has not even been addressed is the Professional Indemnity Insurers. How will they react to having to cover unqualified writers until 30 June 2014? Professional indemnity is a very costly product to purchase now and what further costs will be added to licence holders that allow unqualified brokers to operate under their licence? A very interesting position indeed.

Transitional Arrangements;

RG 206.20- You must comply fully with qualification requirements in section B by 30 June 2014. Until then, ASIC will also accept:

- (a) Responsible managers of lenders who can demonstrate five years relevant problem free experience; and
- (b) Responsible managers of businesses providing credit assistance who can demonstrate two years relevant problem free experience, even if they do not have the Certificate IV level credit industry specific qualifications or a general relevant higher level of qualifications as outlined in Section B.

RG 206.21 If you are a mortgage broker, your responsible managers will be able to rely on mentoring to meet the requirements for a two year problem free experience, provided the mentoring arrangement will be completed by 30 June 2012. Your responsible managers and representatives

also have until 30 June 2014 to complete a certificate IV in Financial Services (Finance/Mortgage Broking).

There has been a marked improvement in the number of qualified Finance/Mortgage Brokers over the past two years as many in the industry believed there would be a minimal education requirement of at least the Certificate IV in Financial Services (Finance/Mortgage Broking) or the Certificate IV in Credit Management and it would be a real shame to see many licence holders and authorised representatives revert back to the old ways and delay their education until the death knock of 30 June 2014. It is a well-known fact that education drives productivity, whilst at the same time improves the level of confidence and satisfaction of the person undertaking and achieving the qualification.

Australia overall has a low level of a tertiary qualified population compared to many of our neighbours. I feel this delay in enforcing qualifications now may have a detrimental effect on the progress made to date and that the ball is now back in the courts of the licence holders, the lenders and associations to demand a minimum level of education for all those operating in the financial services credit industry.

Given that ASIC requires full disclosure, it will be up to the Mortgage/Finance Brokers to advise clients of their level of qualifications etc via their Adviser Profile at their first interview, how will clients react when they find out that the person they are dealing with does not have educational qualifications but they will do by June 2012 or 2014? Sadly that is all the regulator is requiring them to do.

The writer is quietly confident that clients will seek out the professionally qualified authorised representatives, as they are more likely to use their new found skills obtained by seeking and completing their tertiary qualifications, coupled with their industry experience.

One must also understand that if a Finance/Mortgage Broker wishes to stand alongside other professionals who are required to complete minimum qualifications to a Diploma level, then they must also set their individual goals to undertake tertiary educational courses to meet that level. It follows that other professionals who are looking to refer their clients to you would also be seeking a level of studies comparable to their own but relevant to your field of expertise.

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