



10 January 2024

By email: financialadvice@treasury.gov.au

Attention Anna Schneider Rumble

Retirement, Advice and Investment Division
Treasury
Langton Cres
Parkes ACT 2600

Dear Ms Schneider Rumble

FINANCIAL ADVISER EXAM: CHANGES IN EXAM DELIVERY

The Stockbrokers and Investment Advisers Association (SIAA) is the professional body for the stockbroking and investment advice industry. Our members are Market Participants and Advisory firms that provide securities and investment advice, execution services and equity capital-raising for Australian investors, both retail and wholesale, and for businesses. Practitioner Members are suitably qualified professionals who are employed in the securities and derivatives industry.

The history of the stockbroking profession in Australia can be found [here](#).

SIAA welcomes the opportunity to provide feedback on the exposure draft of the *Corporations (Relevant Providers – Education and Training Standards) Amendment (2024 Measures No 1) Determination* (the draft regulation) that amends the exam standard to improve efficiency of, and timely access to, the exam.

Executive summary

SIAA strongly supports the exam:

- comprising only multiple-choice questions and
- removing the current exam eligibility criteria which restricts access to the exam to those who have already met the qualifications standard or who are existing providers.

SIAA makes the following additional recommendations concerning the exam:

- Candidates should be able to sit the exam at any time and not be restricted to exam blocks. The exam should be available on request or on a rolling basis. This would prevent the current delays in Professional Year (PY) candidates being able to complete their PY.
- The exam should provide a broader range of scenarios than simply those based on financial planning so that the exam reflects the full spectrum of financial advice.
- Questions that have two correct answers requiring the candidate to guess the ‘most correct’

answer should be removed and replaced with questions that test the candidates in ways that ensure they know the material rather than trying to trick them.

- More tailored feedback should be provided to unsuccessful candidates that assists them to work out how they can improve in their next exam sitting.

Background

SIAA provided feedback to Treasury on the Financial Adviser Exam and Professional Year in its submission of 16 September 2022. Our members' feedback was that the administrative issue of exam scheduling created friction and delay and often resulted in the Professional Year taking much longer than 12 months. For example, a candidate may complete the first two quarters of the Professional Year and find that the next exam is not scheduled for another three months and then results are not provided for a further four to six weeks. That candidate is unable to enter the third quarter, when they go before clients, until the exam has been passed. Some candidates may not pass the exam the first time, which extends the Professional Year further. For these reasons, we recommended greater flexibility in the exam timetable that would enable candidates to sit the exam at any time up to quarter three. We argued that the timing of a candidate's movement through the quarters of the Professional Year should not be bound by an exam timetable but by their progress. Given the exam is online and venues and supervisors do not need to be booked, we argued that exams should be available to sit at any time and markers commissioned on an 'as needs' basis.

SIAA is pleased that the government has taken account of these concerns. We support proposed changes to the exam standard that will improve the efficiency of, and timely access to, the exam.

For this reason, we strongly support the exam comprising only multiple-choice questions. We agree that exams based on multiple-choice questions create efficiencies by enabling computer marking to replace manual marking. This should reduce the cost of administering exams and improve response times for exam candidates to receive their results. In fact, this change should result in a candidate being able to sit an exam at any time rather than being limited to an exam block. As the exam is online, there is no reason why it should not be available on request or on a rolling basis. SIAA provides professional learning by way of online courses and we conduct exams on request that generate results immediately.

The cost of the Financial Adviser exam is a real issue for those of our members who pay the educational costs of the PY candidate. For candidates meeting their own education fees, the cost can be prohibitive, particularly if they don't pass the first time. Given PY candidates have already incurred significant costs to undertake the mandated education, imposing further significant costs to sit the exam cannot be justified. Once the proposed changes are implemented, the cost to the exam provider should reduce significantly and this should be passed on to the exam candidates in the form of a lower exam fee.

We also strongly support removing the current exam eligibility criteria which restricts access to the exam to those who have already met the qualifications standard or who are existing providers. This will provide flexibility for candidates to sit the exam at a time suitable to them, for example, while they are completing their studies. It will also open up access to the exam to a larger cohort of people. Firms will be able to encourage back office and middle office staff to sit the exam, thereby

increasing the pool of potential PY candidates.

While the government is focussed on improving the efficiency of the exam process, we recommend that it also take into account the following recommendations that SIAA has previously made concerning the exam. These recommendations are the result of comprehensive feedback from our members:

- The exam should provide a broader range of scenarios than simply those based on financial planning so that the exam reflects the full spectrum of advice. The definition of Relevant Provider captures different streams of activity in financial advice and it is inequitable that only one stream — financial planning — is reflected in the exam questions.
- Questions that have two correct answers requiring the candidate to guess the 'most correct' answer should be removed and replaced with questions that test the candidates in ways that ensure they know the material rather than trying to trick them. This would ensure a better educational outcome.
- More tailored feedback should be provided to unsuccessful candidates that assists them to work out how they can improve in their next exam sitting. This is particularly important in light of the incapacity of the PY candidate to progress until they have passed the exam. Currently, exam feedback is not individual but generic. All it does is repeat the curriculum item relating to the question that the candidate has failed. It does not tell them why they failed that question or what particular matters they should study to pass the question at the next sitting.

Conclusion

If you require additional information or wish to discuss this matter in greater detail, please do not hesitate to contact SIAA's policy manager, Michelle Huckel whose details are in the covering email.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J Fox', with a stylized flourish extending from the top of the 'F'.

Judith Fox
Chief Executive Officer