

# Qualified advisers the 'biggest threat' to professionalism

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The discussion about whether financial advisers are a profession has been going on for at least a decade, with the Australian Securities and Investments Commission (ASIC) stating in a 2014 submission that "significant changes" were needed before advisers could be considered a commission.

"While there are people working in the financial advice industry who are professionals, the financial advice industry as a whole is not currently a profession," the submission said.

However, having gone through the royal commission in 2019 and a subsequent overhaul of financial advice, many advisers argue that they should now be considered a profession rather than an 'industry'.

Having seen the evolution of advisers first hand over the last 20 years, Multiforte Financial Services director and wealth adviser Kate McCallum believes that the changes seen over the last five years on the back of the royal commission should entitle advisers to be viewed as a profession.

"Financial advice now aligns more closely with traditional professions. The structured training, professional standards, and educational requirements imposed on advisers mirror those of well-established professions, such as law and accounting," McCallum told ifa.

While some of the outcomes of the royal commission could be considered devastating to the advice profession, given it resulted in the exodus of more than 40 per cent of its ranks, McCallum argued that it was "overall a positive".

She added that, while advisers had already been trending towards professionalism, the royal commission “sped up” the process considerably.

However, McCallum argued that the new class of advisers, the so-called ‘qualified advisers’, set to be established through the Delivering Better Financial Outcomes (DBFO) reforms, could erode advisers’ progress towards professionalism in the eyes of the public.

“The single biggest threat right now is the government’s proposal to introduce the concept of a ‘qualified adviser’ – this could easily unwind the progress made. The term implies that the individual, while not qualified to the profession’s requirements, is able to advise clients,” she said.

“We need to be 100 per cent clear that this is an un-qualified individual functioning in line with fully-qualified professional advisers. This could easily take us back to the dark alleys of the pre-royal commission shenanigans.”

She explained that the steps that have been taken over the past five years, such as increasing education requirements and overall service quality, need to be maintained for the sake of advisers’ professionalism, standards that are highly unlikely to be enforced for the new class of advisers.

“We need fully qualified professional advisers guiding clients in their life and financial decision making. We need to remember that this is an incredibly complex role – requiring head and heart. We need the high standards that have now been set in education and experience to keep this ‘city’ sparkling,” McCallum said

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