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Past, Present, and Future: The Role of Tertiary Education in Supporting the Development of the Financial Planning Profession

Mark Brimble and Brian Murphy
Griffith University, Australia

Abstract. The importance of financial advice for individuals is difficult to refute, however the degree to which the financial planning industry has been able to provide this to date is in debate. As a result, the industry, which is still in its infancy, has been subject to rapid growth, various controversies and regulatory intervention. The Global Financial Crisis (GFC) has contributed to the pace of this change with increased client, regulatory and self scrutiny as a result of the heightened dissatisfaction with advice outcomes. The coalescence of these factors has led to significant internal and external changes within the industry, resulting in the apparent commitment to becoming a profession. This paper will examine the implication of this agenda for tertiary education in relation to the role it could play to support the development of the financial planning profession. The paper achieves this by (1) reviewing the background to the financial planning industry and the move towards professionalism; (2) discussing current developments in the industry; (3) establishing the role of tertiary education and (4) assessing the role that tertiary education has played in supporting the financial planning sector. We argue that tertiary education has a critical role to play, however it is yet to achieve this. This study will be useful for those in both the managerial and operational/ academic elements of tertiary education in terms of providing considered avenues for engagement in this discipline. Indeed, if the paper provokes debate and discussion in tertiary education around the nation then we would consider our task complete.

Keywords: financial planning, financial crisis, professionalism, tertiary education.

1. Introduction

Financial markets are highly complex, volatile and subject to an ever changing legislative environment. When you include participants that lack financial literacy, a dangerous scenario emerges where financial decision making is undermined and consumers are more vulnerable to financial scams and inappropriate use of financial products and services, sometimes with significant long term implications. This concern is further exacerbated by social and economic factors such as low savings rates, housing affordability concerns, the growth of the size and affluence of the middle class (Warschauer 2002), longer life expectancy (an ageing population), lower preferred retirement age, longer child rearing responsibilities, more single parent families, and the world wide shift from state to self funded retirement—this is even more critical as individuals will have to be more self-reliant in retirement in order to maintain standards of living during their later years. Interestingly, it has been estimated that 3.5 million working Australians will have insufficient retirement savings (AMP Superannuation Adequacy Index 2008), a situation that has been exacerbated the Global Financial Crisis (GFC) through falling investment returns and capital depreciation and therefore serves to highlight the need for Australian's to obtain financial advice to navigate the complex financial environment. Also of relevance is the evidenced low levels of financial literacy and the apparent inability of regulators to contain the behaviours of financial markets, products and institutions with a continuing slew of scandals. Market conditions have also tightened capital flows, weakened the confidence of participants and placed significant pressure on system structures to such an extent that the sustainability of the financial system has come into question.

While the Australian financial system and economy has coped comparatively well to date, it is clear that market complexity and financial illiteracy are concerns. It is logical then that the role of financial advice becomes more important to enable consumers to navigate the complexity and their own lack of capability in relation to effective financial decision making. This is particularly the case when one accepts that the role of a planner is not just retirement advice, but one that involves planning for all life events and includes elements of educating clients, instilling good financial habits (e.g., a savings habit) and helping avoid "unhealthy" financial behaviours such as "aspirational spending", "living for today" and "financial disengagement", and managing risk through insurance (ANZ 2005). This should be operationalised in line with the risk preferences of the client, which is critical given the culture of greed and excess which pervades in sections of the economy. Rather, the notion of "planning" suggests an orderly, considered and structured process which responds to the needs and goals of the client.

The GFC however, has highlighted the regulatory inadequacies in relation to financial advice such as the low minimum training requirements and the lack of a fiduciary duty for advisers to clients (which creates risk for consumers of financial advice services) which serve to undermine the potential of financial planning. On the other hand the significant compliance costs imposed on planners which increase the cost of advice, making it inaccessible to many of those who need it the most, was also noted, presenting a conundrum for regulators. Indeed the complexity of the taxation, superannuation, insurance, and banking laws, products, and services further undermines the situation in terms of the understanding of these provisions by market participants and the pace at which they change. The post-GFC outcry in relation to superannuation returns and fees (which spurned several government reviews and an industry war between different types of funds) is an example of this and indicates the general lack of understanding of basic investment principles of the average Australian.

This results in the educational component being seen as increasingly important from the perspective of empowering clients and creating a positive client-planner relationship (Hunt, Brimble, and Freudenberg 2011) and also tackling financial illiteracy. Ironically, it is also noted that a lack of financial literacy is also likely to lead to a situation where people do not know they need advice and are generally less likely to seek it. According to the OECD approximately 53% (8 million) of the Australian adult population have low levels of the knowledge and skills required to effectively manage their financial affairs (ABS 2006). The educative component of advice is valued by consumers as is the potential to increase effective financial management and enhance stability (Rice Warner 2008).[1] The research also found significant societal benefits arise from financial advice including debt reduction, enhanced productivity re income use, and greater self-insurance,[2] and higher levels of savings leading to less reliance on welfare (Rice Warner 2008). The research concludes therefore that financial advice is of significant value to both the direct users of the advice and the broader economy and is therefore of national public benefit.

Unfortunately, the ability of the financial planning industry[3] in Australia to deliver on this potential has been plagued by controversy which has undermined the preparedness of the community to seek advice on mass. Financial planners are able to exert significant influence on the distribution of funds into various investment products. However, the integrity of the industry has been challenged in recent years by scandals such as the damning Australian Securities and Investment Commission (ASIC)/Australian Consumers Association "shadow shopping" surveys (ASIC 2003, 2006), the collapse of Westpoint and other investment companies/funds (after many financial planners had recommended it to investors and received commissions), and more recently the collapse of Storm Financial and the AMP "super-switching" scandals. Public concern has also been raised about the conflict of interest between offering independent and professional advice and receiving large amounts of commissions.

The GFC has further highlighted these problems with the extreme market conditions leading to the failure of high risk investment vehicles/structures which clients appear to have not fully understood and in many cases, advisers had not taken adequate steps to inform their clients. This includes the encouragement by some financial planners and bankers for clients to use equity draw downs and gearing to fund investments in various asset classes (property, shares, CDOs etc.), with disastrous consequences as the markets fell. Indeed the realisation of the risk

1. It is noted that the stability issue is also likely to extend beyond the individual to the economy at large.
2. This refers to having the financial assets to protect oneself from and respond to risks as they materailise.
3. "Financial planning" for the purposes of this paper is defined as a process of identifying, designing and implementing strategies and actions for the achievement of financial goals. The output from this process is a "financial plan" or to use the correct legal terminology "statement of advice".

held in portfolios that materialised in the declining markets has highlighted the downside risk to investors which in some cases was drawn from a failing of the advice process. The heightening of these concerns has served to speed up the regulatory agenda in relation to financial advice, with significant further public and political concern leading to ongoing government review and intervention in the market. The Financial Services Reform Act (FSRA) and the subsequent enquiries that led to the Future of Financial Advice (FOFA) reforms have been significant with the recommendations including banning of commissions, volume payments and soft dollar benefits. A best interests duty, compulsory renewal of client engagement and other reforms are also currently proposed. From the government perspective, the intention of these reforms is to:

> ....improve the trust and confidence of Australian retail investors in the financial planning sector. They are designed to tackle conflicts of interest that have threatened the quality of financial advice that has been provided to Australian investors. (Treasury 2011)

The confluence of these issues means there has been no better time for the professional bodies to re-invigorate the industry by taking ownership and imposing greater self-regulation to serve both the public interest as well as the future development of the industry. The industry has begun to respond with many firms moving to business models and processes that are congruent with the upcoming legislative changes, although a number of industry participants still refuse to accept the need to change their focus to their client's best interests. The professional bodies have also made significant changes with the introduction of codes of conduct, compulsory professional indemnity insurance and enhanced educational requirements (both entry and ongoing professional development). Most recently the Financial Planning Association announced a move to an approved degree requirement for membership and significant changes to its membership structures by 2013 (FPA 2009). All in all, it is now widely accepted that the industry is assertively moving towards becoming a profession in the belief that this will lead to better outcomes for clients, the community and the sector itself (Cull 2009).

This paper takes up this issue from the perspective of tertiary education. The role of universities in the modern economy is often discussed and debated in academic circles. Some suggest that the core business of universities is teaching and research, while others argue for a broader role of fostering community and economic development. Indeed there is a significant pool of literature that debates these issues. Interestingly a part of this examines university-community engagement and partnership and promotes the need for further interaction, suggesting there is an important third role to play: community service (Bond and Paterson 2005, Bringle and Hatcher 2002, Batson, Ahmad, and Tsang 2002, Batson 1994, among others). This literature broadly supports the need for more university-community engagement, with some calling for institutions to develop a sense of civic responsibility and to develop new campus-community projects (Boyer 1996, Bringle, Games, and Malloy 1999). This call has been facilitated by a number of factors including the recognition that the use of public funds by universities has attracted more attention from the political powers to be, who are reconsidering the economic and social purpose of the institutions (Bond and Paterson 2005). This has led to calls for institutions to be more accountable for their use of these funds and be more relevant to their communities rather than detached or adopting a universalist perspective (Bond and Paterson 2005). Such changes, together with a social and economic environment that is moving towards a paradigm of responsibility (corporate, social and environmental), suggest that universities cannot afford to continue with an "ivory tower" approach, which creates a number of degrees of separation between them and the community.

We apply the received theory and evidence on professionalism and the role of tertiary education institutions to the emerging field of financial planning, to examine the role of tertiary education in supporting the development of a financial planning profession and argue that for this to emerge, tertiary education has a critical role to play in terms of development of tertiary education curricula, development of a body of academic research and advocacy for the profession to various stakeholders in order to support recognition of its legitimacy in the eyes of the regulators and the community at large. We conclude that the relatively unheard voice of the academe in the debates surrounding financial advice must start to be articulated. We therefore call on academic colleagues, and the management of universities, to engage in the financial planning arena through research, contributing to program development and the current national debate on this, advocate to government for the "professionalisation" of the sector, to engage with the professional bodies and industry and, more broadly, to develop and support the academe in this discipline. This is in line with the literature that examines the role of tertiary education institutions. The emergence of new profession is rare, and the development of the financial planning profession, underscored by its public importance, represents a rare opportunity for tertiary education to show the leadership and relevance that it is so often criticised for not having.

The remainder of this paper is structured as follows. The next section presents a discussion of the literature on professions and is followed by a review of financial planning in Australia to provide the context for the discussion including history, the role of planners, the legislative environment and the professionalisation of the sector. This is followed by an analysis of the past, present and future role of tertiary education in supporting the development of this profession. A discussion and summary concludes the paper.

2. Professions

The striving of professional status is important and has been central to the literature on professions over the last half century as the professions dominate our world (Abbott 1988, p. 1) and is one of the most powerful of social institutions. The attributes based definitions of professions in the middle of last century included a characteristic of abstraction and for Abbott (1988, p. 8) this characteristic is the one that best identifies the professions. Abbott states that this abstraction is central to all interpretations of professions ranging from the functional, structural, monopolistic and cultural concepts of professionalization (Abbott 1988, p. 15).

The exclusive expertise is perhaps the only consistent and uncontentious theme in the sociology of professions literature. Without equivocation the contributors to this literature assert that professions possess bodies of "specialised knowledge" (West 1993, p. 34). In the context of our discussion on the importance of the development of a profession and the link to Financial Planning education in tertiary education, this aspect is central to the link between the profession and tertiary education. The recent plan of the key financial planning professional group (the FPA) to implement a plan which includes proposals to have new members obtain a degree and to complete a supervised professional year is evidence of the importance of this link.

The ability of a profession to sustain its jurisdiction lies partly in the power and prestige of its academic knowledge, and academic knowledge legitimises professional work by clarifying its foundations and tracing major cultural values (Abbott 1988, p. 54). Analysing a profession is a difficult task as a result of any clear definition and in our paper we have utilised Abbott's description and timing of claiming a jurisdiction. As detailed later in the paper the claim of jurisdiction is through the legal system, public opinion and the workplace. The normal process is for professional claims to be made firstly for work, then public opinion and finally legal. Public claims to jurisdiction usually develop over a period of a decade or more. This process is evident in the development of Financial Planning and is still evolving.

The spectre of higher education standards and the broader move toward professionalization of the sector suggests a greater role for higher education in the future. A profession may be viewed as an organised group which has a particular functional orientation in society and is characterised by a particular culture. In his seminal paper on the attributes of a profession, Greenwood (1957, p. 45) identifies five elements, which are commonly recognised characteristics of a profession: (1) systematic theory or body of knowledge, (2) authority, (3) community sanction, (4) ethical codes and (5) a culture. To varying extents it could be argued that authority (through the relevant professional bodies and legislative regime); ethical codes (professional bodies) and culture (emerging professional culture and associated networks, values, norms and symbols) are emerging. A theory of financial planning and associated body of knowledge is however yet to emerge (Wagner 1998, Worthington 2006, Black, Ciccotello, and Skipper 2002), although of recent years research is being undertaken in this important area. (Overton 2008) While there are degree programs and knowledge frameworks set out by professional bodies, the body of knowledge is more than this; it is the accepted ontology for a specific domain. Similarly, it is accepted that the industry is yet to obtain community sanction due to its infancy and the issues raised above. Indeed the "concept of a profession relates to the contract that professionals make with society. They agree to conscientiously serve the public interest, even when the public interest conflicts with self-interest. Based on this agreement society in return allows the profession certain privileges. The idea of self-regulation that most professions enjoy is one of those privileges. The core of this privilege involves accountability to, and sanctioning by one's professional peers—a professional web that has agreed to serve the common good" (Ross 2000, quoted in Brown 2007, p. 8). The idea that a true professional serves the public interest is a recurring theme in the literature on this subject. The American legal scholar and educator, Roscoe Pound (1870-1964) put it this way:

> The term refers to a group pursuing a learned art as a common calling in the spirit of public service—no less a public service because it may incidentally be a means to livelihood. Pursuit of the learned art in the spirit of public service is the primary purpose. (*The Lawyer from Antiquity to Modern Times*, quoted in Brown 2007, p. 8)

Interestingly, there is debate in the literature in regards to a definition of a profession. (Abbott 1988) argues for example that an attributes (functionist) approach is not a valid evaluation tool and instead advocates his "jurisdictional approach". He describes three phases of legitimacy in a claim for jurisdiction, being work environment, public acceptance and legal acceptance. Abbott's theory relies on "the knowledge system and its degree of abstraction, since these are the ultimate currency of competition between professions" (Abbott, p. 9). Using his definition there is no dispute that the first phase is now complete. Some progress has been made with phase three, but little on phase two. Hence, the issue becomes how, given the articulated importance of financial advice, progress is obtained on the deficit areas.

3. Financial Planning in Australia

Financial planning is presently one of the most rapidly developing service sectors in Australia. With our ageing population, increasing life expectancy and the decreasing role of governments in assisting individuals in their retirement (and the various other factors mentioned above), sound financial advice has an important role in society. Until the emergence of financial planning in the early

1980s, financial advice was traditionally provided by solicitors, accountants, real estate agents, insurance agents, bank managers and stockbrokers. There was, however, limited regulation and scrutiny of this financial advice and investor demand led to the formation of two associations: the Australian Society of Investment and Financial Advisers (ASIFA) and the International Association of Financial Planners (IAFP). These associations subsequently merged, forming the Financial Planning Association of Australia Ltd. (FPA) in 1992. Other professional bodies or associations, such as CPA Australia, the Institute of Chartered Accountants Australia and the Financial Services Institute of Australasia and the Association of Financial Advisors, have also established their own professional financial planning qualifications and/or designations.

The role of the professional bodies is an interesting and important question, particularly given the fallout from the GFC where the reputations of a number of professions, and therefore their professional bodies, have been tarnished. Essentially this becomes a debate about the degree of self-regulation that a profession is afforded, where a professional body serves to be the developer and implementer of that self-regulation (through codes of conduct, training requirements, reporting requirements, etc.). A full discussion of this issue is outside the scope of this paper, however we contend that the professional bodies have a critical role to play in the development and maintenance of a profession. We also note that in the case of financial planning the regulators espouse the virtues of a profession while simultaneously expanding the regulatory requirements rather than engaging the professional bodies, which makes for an interesting scenario which is the subject of future research.

3.1. The Role of the Financial Planner

Prior to the emergence of financial planning the focus of financial advice was on investment advice. The traditional providers of financial advice, such as solicitors, real estate agents, insurance agents and bank managers, often started with a financial product and then matched the needs of the customer to that product. Thus, a bank manager was likely to recommend their own banking product, such as a six month term deposit, providing it met the general needs of the customer. In contrast, financial planners provide financial advice by firstly identifying the needs of the client and then searching for a product that will meet those needs. For financial planners the selection of appropriate products is made towards the end of the financial planning process, after due consideration of the client's needs and their resources, appropriate financial and investment strategies, and risk profile.

The focus of the financial planner today is broader than traditional financial advisers, with clients expecting comprehensive financial advice relating to, but not limited to, general wealth-creation advice or specialist retirement planning, superannuation, estate planning, personal entity structures, taxation, stockbroking and investments, and debt and risk management advice. Depending on the type of license obtained by a financial planner, they may also directly buy and sell investments. Thus the role is much broader than in the past, resulting in increasing demands on a planner in terms of their technical knowledge and other skills. This in turn has ramifications for educators as the range of disciplines means that the subject matter of a large number of disciplines needs to be covered in the curriculum.

3.2. Legal Environment

A key driver of this change to date has been the legislative agenda as successive governments have responded to the pressures discussed above. This began in earnest in 1997 when the Federal Government embarked on a comprehensive initiative to improve Australia's business and company regulation, referred to as the Corporate Law Economic Reform Program (CLERP). The sixth stage of this was the reform of the regulatory requirements applying to the financial services industry (widely known as CLERP 6), which led to the Government introducing the Financial Services Reform Bill (FSRB).[4] The Financial Services Reform Act (the Act arising from the FSRB) imposed significant changes on the financial services industry including a new uniform licensing and disclosure regime for the regulation of providers of financial services, financial markets and clearing and settlement facilities.[5]

The collapse of some major financial planning firms and organisations during the GFC resulted in the loss of millions of dollars of investors' savings, resulting in cries of poor, and sometimes misleading, advice. As a result of significant pressure from the fall out, the government moved to form a number of committees to inquire into the failures and to better protect investors. The first was the Ripoll committee which was formed on February 25, 2009 with a brief to review issues associated with recent financial product and services provider collapses, such as Storm Financial and Opes Prime, with particular reference to the role of financial advisers.

The Ripoll Report made 11 recommendations for reform. The three major recommendations were the introduction of a statutory fiduciary duty for financial advisers (Recommendation 1); the development of an appropriate mechanism by which to cease payments from product manufacturers to financial advisers (Recommendation 4); and the establishment of an independent, industry-based

4. The bill was passed in August 2001, taking effect on the 11th March 2002.
5. The Act has three key elements; (1) product disclosure; (2) licensing and conduct of providers of financial services, and (3) licensing of financial markets, and clearing and settlement facilities. Elements one and two are particularly relevant to financial planners as they relate to the regulation of individuals and businesses that give advice about financial products.

professional standards board to oversee nomenclature, competency and conduct standards for financial advisers (Recommendation 9).

The Cooper review was commissioned by the Government to make recommendations concerning the superannuation system.[6] The key policy changes proposed by the review were the My Super low cost default fund, electronic payment of contributions, expanding regulators supervision powers, and improving skills and independence of providers to self-managed funds.

As a result of the committee reports the government in late 2010 announced that it proposed a number of reforms which were described as Future of Financial Advice Reforms (FoFA). The reforms will have far reaching effects on the financial planning professions and will affect the educational requirements of financial planners. The recommended changes include the following:

- A prospective ban on conflicted remuneration structures including commissions and volume based payments (these reforms will not initially apply to risk insurance);
- percentage based fees will be banned on geared products and can only be charged on ungeared products if agreed to by the retail investor;
- the introduction of a statutory fiduciary duty so that financial advisers must act in the best interests of their clients;
- expanding the current scope of simple "intra-fund" advice provided within a superannuation context to other areas of advice; and removal of the accountant's licensing exemption in relation to self managed superannuation funds.

The key reforms are likely to commence from 1 July 2012, however there will be a number of consultations that will be undertaken before this time. The relevant question of these reforms is whether these changes will assist the formation of a financial advice profession and what effect they will have on the education requirements that flow from the implementation of the recommendations.

3.3. A Financial Planning Profession

Earlier in the paper we discussed the development of a profession through the lens of Abbott. The claim for jurisdiction in Financial Planning is ongoing and

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6. The review's recommendations have been accepted by government and the committee had its final meeting on 30th May 2011. Draft legislation is in the process of being drafted and is proposed to be ready by the end of 2011.

according to the Financial Planning Association it has the only legitimate claim to be the key professional association. This claim is yet to be accepted and tertiary education has an important role in the profession by further development of the abstract knowledge which is a crucial element of a profession.

Normally a claim for full jurisdiction would be made in the workplace and then the public, then lastly in the legal arena. The claim to full jurisdiction is based on the power of the professions abstract knowledge to define and solve a certain set of problems (Abbott 1988, p. 70).

The status of where financial planning is at this stage is beyond the scope of this paper but it is suffice to say that the development of the abstract knowledge (which should be under the jurisdiction of tertiary education, especially the universities) is an important part of the claim for and the retention of the Financial Planning jurisdiction.

The work of Financial Planning has been completed for many years by Financial Planners so the first process of a claim for jurisdiction is completed by workplace evidence—individuals need to have financial advice to navigate retirement and other financial issues and this work was not taken up by existing professions such as accounting.

As a result of a number of structural problems detailed below and the collapse of a number of Financial Planning institutions there is not, as yet, public acceptance of a claim for jurisdiction. The government regulation of Financial Planning could be perceived as a method of obtaining legal recognition before Public acceptance however this is an ongoing process. For instance recently, as part of the FOFO review, the government is considering giving legal recognition to the term "Financial Planner" as a way of protecting the consumer from unscrupulous advisers. This could also give legitimacy to the members of the professional organisation referred to in the legislation. The outcome will be important for the future development of the profession. In any event the acceptance of Financial Planners and the profession by the public is an important step that must be achieved before a full jurisdiction claim is warranted.

The Financial Planning industry has a number of structural problems which, if addressed by the professional bodies themselves or as a result of Government intervention, will result in achieving public acceptance for financial planners as trusted advisers (Brown 2007). Their adoption will also serve the public interest, an outcome that must always be the central objective of any group of people claiming to be "professional". Reinvention of the financial planning industry into a professional occupation is a worthwhile pursuit as it is in the public interest. It suggests that financial planners will possess technical skills or some practical knowledge in a wide range of disciplines, including taxation, accounting, structures, pensions, annuities, superannuation, investment, risk management and estate planning. Therefore, financial planning should not be reliant on the sale of products, although many people believe it to be exactly that. Regrettably, that belief is not without foundation, giving rise to charges of hypocrisy and the creation of an environment in which the wider community appears not to trust the financial planning industry. Society has, therefore not been willing to make a "contract" with the industry. Instead of allowing the financial planning industry to self-regulate in the way that most other professions are able to do (to a greater or lesser extent), the financial planning industry is extensively (some say excessively) regulated, with little prospect of external surveillance and control ever being significantly reduced. As a result, at this stage in the development of the financial planning industry, there is no basis for it to qualify as a profession.

"'The principal problem is the industry's fundamental structure, especially the nature of its predominant (product-oriented) remuneration models. All the other problems flow from that. There is a symbiotic relationship between the product manufacturers, who must sell products, and most of the distributors, whose remuneration models (usually a commission or a percentage-based fee) are designed to do likewise." (Brown, p. 14) The distributors are the Financial Planners. The current business model is reliant on product sales as an outcome of the advice process rather than fee for service. This does cause conflict with the community expectations of independent financial advice.

It is here that the legislative reform (FOFA) has a significant role to play. Whilst the reforms stop short of a total ban on financial advisers charging a fee as a percentage of assets they have acknowledged that such a system affects the quality of advice, as do incentives that reward advisers selling more of one institutions products over another. It is hoped that the reforms are the first step in the creation of a profession with the credibility, qualifications and integrity to perform its role successfully in the future..

Much progress has been made in recent years in terms of the technical qualifications required to become a financial planner. Nevertheless, it remains relatively simple to qualify at "entry level" via a short product-oriented course approved by ASIC under Regulatory Guide 146 (previously known as Policy Statement 146). Academic standards in the industry should continue to be broadened and lifted (subject to the caveat below), so that all new entrants should eventually need an undergraduate degree. This will assist in improving the standard of advice and the standing of the industry in the community. It is not necessary, nor is it desirable, for tertiary education qualifications to be limited to an undergraduate degree in financial planning. That would fail to recognise that the discipline lends itself to a wide range of persons with other qualifications and life experience (for example, accountants, lawyers and engineers). The significance of higher academic standards, however, must not be overstated as it is misguided to suggest that they alone will solve the industry's problems. Higher academic standards must be accompanied by compulsory training of all new entrants in a solid ethical framework in which the industry's leadership and participants truly believe and carefully apply in their relationships with the community.

Irrespective of these considerable areas of disagreement, there appears to be one issue on which there is substantial unanimity among industry participants. They would like "financial planning" to be accepted as a "profession" by the wider community (in the same way that lawyers, accountants and medical practitioners are generally accepted, irrespective of their shortcomings). In this paper, we ask what is the role of tertiary education in supporting the development of the financial planning profession? The acceptance of a body of knowledge and the elevating of all new financial planners to degree status will contribute greatly to the missing link in the professionalization process—public acceptance

4. The Role of Tertiary Education

4.1. The Past

University degree programs in Financial Planning in Australia began to emerge in the mid 1990s, however it was not until the mid 2000s that they appeared in number. Even today only half of the Australian universities have a degree program (or full major) in financial planning. It is fair to say that historically the academe has had little to do with financial planning specifically. There, of course, have been research programs in investments, taxation, behavioural finance and other allied areas, but little specifically in financial planning or the personal finance context of the aforementioned areas. Indeed there is little in the way of direct publication outlets for financial planning and few academic staff involved in the academic pursuit of financial planning.

In terms of curriculum development, most of this appears to be *ad hoc* with no coordinating body or evidence of a collaborative approach between institutions. It is only in recent years that an accreditation regime has existed between the professional bodies and the tertiary education programs (FPA 2009). Indeed, within the last decade the Financial Planning Association was a provider of both entry level qualifications (diploma level) and "professional" designation and post graduate programs. This served to stifle academic engagement as the industry benchmark for educational entry requirements was set at the diploma level giving little market space or demand for financial planning programs. This also created a competitive environment where the universities were directly competing with the professional body, rather than being seen as partners striving to further the industry. This scenario delayed academic engaged in the field at all levels, a hangover from which is still being felt today given the long pipeline for the production of academic staff, qualifications and expertise that underwrites curriculum development and the development of research programs.

4.2. The Present

Recent times have been marked by increased collaboration between the profession and academe, which has led to more programs being developed and the academic wheels beginning to turn anecdotal evidence suggesting that more graduates are undertaking further study in the form of Honours, Masters and Doctoral studies which has increased both the volume of academically qualified human resources and associated research output. This is, however, still in its infancy with academically qualified staff difficult to recruit and retain and the research agenda beginning to appear in journals of various disciplines. This is particularly the case in specific fields such as financial literacy, regulation and personal financial products. All in all the "mood" is positive with signs of more institutions developing programs, more interest in the research (more research students) and greater awareness of the potential value of these programs amongst management. Impetus has been added by the professionalisation agenda with emerging degree level entry requirements to the profession and the recognition of the importance of the industry vis-a-vis the attractiveness of research in the field, particularly given the heavy government involvement and the lack of an agreed body of knowledge to underpin the developments (FPA 2009).

Despite this, the lack of staff and student numbers (the later driven somewhat by public perception of the profession and the impact of the GFC) have weighed on tertiary education engagement. Indeed, both are related and it is reasonable to assume they have slowed development as increasingly commercialised and underfunded universities are wary of new areas of study. This has led to the financial planning "discipline" emerging in a disparate fashion, be it from law, accounting, finance, economics or other schools/faculties. While this has led to courses and degree programs being offered, it has not led to an academic focus, with staff often "service" teaching financial planning programs, or them being sessionalised. The universities also need to be more flexible in recruiting professionally qualified staff rather than relying on academics in related fields.

The GFC, has been a catalyst for action, galvanising concern in the community that has resulted in a significant government response as detailed earlier. Ultimately this has led elements of professionalism being forced on the industry earlier than otherwise would have organically occurred. The professionlisation of the sector is of relevance to tertiary education as this naturally incorporates the need for a theoretical base and agreed body of knowledge to underpin the profession. This also includes the high educational barriers to entry as seen in the movement toward degree level requirements. However, and as noted above, the academe in financial planning is few in number, with many in the earlier stages of their academic careers. This had led to no clear and consistent academic voice participating in the ongoing change in tertiary education.

4.3. The Future

The current direction of the financial planning sector, we believe, should be seen by academia as a significant opportunity in terms of research, teaching and learning, industry linkages and community contribution. A field (financial advice) that has demonstrated national social and economic benefits and has strong political interest in it. Yet, there is little in the way of academic research to inform a body of knowledge for this domain and comparatively few comprehensive degree programs. In addition, it is clear that the professionalisation of the industry will require greater involvement from tertiary education. We group forms of engagement into three categories; structural, education and research.

Structural

In this section we refer to participation at the structural level of the industry and broadly relate to cooperation with other stakeholders with a view to having input into developments. This is important as it will create the context and mechanisms for educational and research activities to interact with the industry, for without relationships between the professional bodies, firms, practitioners and regulators with academe, the tertiary education world will largely remain marginalised. It is our belief that these other stakeholders are interested in the academic voice and see the value it can bring to the debate, yet find it difficult to engage. In particular the critical, independent and research (evidence) driven perspective of value. Hence, we call on our colleagues to participate. To build relationships with these stakeholders, attend their events, seek representation on committees, boards, councils and respond to consultations papers. Indeed, building relationships and cooperation across tertiary education institutions, given the comparatively small number of involved academics, will also be paramount.

Educational

One of the main drivers behind the professionalisation process has been education. The Financial Planning Association (FPA) was initially responsible for ensuring industry members were properly educated through the development of the CFP education course (Cowen *et al.* 2006), however it is now widely accepted that the entry level training requirements need to be strengthened, however what is unresolved is the composition of this curriculum.[7] To start this discussion we first return to the definition of financial planning. Both the FPA in Australia, as well as the Certified Financial Planner (CFP) Board in the United States provides a broad definition of financial planning. This definition explains

7. We acknowledge that the issue of retraining of existing practitioners is also required and suggest that once standards of entry are established by the professional bodies and the relevant regulators a process of assess requirements in this regard can begin. This will be the subject of future research.

financial planning as a process of determining how to best meet one's life goals through the proper management of finances/resources. A more comprehensive definition is provided by Warschauer (2001, in 2002) that it is a "process that takes into account the client's personality, financial status and the socio-economic and legal environments and leads to the adoption of strategies and use of financial tools that are expected to aid in achieving the client's financial goals." This definition suggests that not only do financial planners need to possess an array of multi-disciplinary technical skills but also require relational and strategic skills (Cull 2007, p. 27).

Planners operate in an environment that is a rapidly changing and comprised of legislative, technological, economic and social forces, which act and interact to instigate change. In this environment, where change is the only constant, discipline specific knowledge can become quickly outdated. Thus, financial planners need to be equipped with the skills to cope with these changes and update their knowledge base in a lifelong learning context. Generic skills will assist financial planners to cope with, and respond to, rapid changes in their environment. As a result of the dynamic business environment in which they operate, financial planners need to have the necessary discipline-specific knowledge and generic skills to understand financial planning issues and provide appropriate financial advice. A recent survey of consumers supported this, finding that a successful financial planner will therefore need to possess an array of generic and discipline-specific skills, whilst also exhibiting a trustworthy and honest character (Hunt *et al.* 2011). In particular, the most important attributes of a financial planner were trustworthiness, providing up-to-date information, understanding client needs and goals, clearly explaining alternatives and outcomes, and the quality of the information provided. From a pedagogical perspective, the analysis thus far suggests that the desired education programs for future professional financial planners is significantly different from the "traditional" technical knowledge and finance and investments theory dominated programs. Rather programs that will produce graduates that:

- have a balance of technical skills with practical knowledge in a wide range of disciplines, including traditional areas (taxation, accounting, structures, pensions, annuities, superannuation, investment, risk management and estate planning), but also includes areas like ethics, CSR, behavioural finance, consumer law, consumer psychology, case management and professionalism;

- have strong generic skills including communication and interpersonal skills, analytical and judgment skills and critical thinking ability;

- acknowledge and accept the importance of independence, honesty and integrity, and their professional and social responsibilities;

- have a strong ethical framework from which to operate; and
- are committed to lifelong learning.

In the context of a "traditional" Australian undergraduate degree these objectives are difficult to achieve. Indeed, to achieve the desired outcomes the tertiary education program will not be able to operate largely outside the professional and industry context and assume that the students will successfully transfer skills from the educational domain to the practice/professional domain. Rather, it should be seen as a partnership with the profession that includes elements of work integrated learning, service learning and research led learning to enhance the classroom experience (Precision Consultancy 2007, Harvey *et al.* 1997, Patrick *et al.* 2008, McLennan 2008).

Perhaps most important however, is reaching consensus on the skills, knowledge and attributes that entry level financial planners should posses on a national level. This does not exist currently, and will be critical in the process of integration of higher learning with the professional environment to provide consistency, best practice and the production of a core body of knowledge for a financial planning profession.

As a final point, financial illiteracy is a critical issue as it reflects the need for financial advice, but it also undermines the client-professional relationship and the recognition of the need to seek advice (Hunt *et al.* 2011). In this regard we note that tertiary education has a role to play in the design, delivery and evaluation of community financial literacy programs. There is also a critical role in the process of training the trainers who deliver these programs in the community, be it school teachers, community trainers, finance sector professionals or financial planners. The evidence suggests that a lack of rigor in the design, delivery and evaluation of these programs is hampering their effectiveness (Braunstein and Welch 2002, Fox *et al.* 2005).

In addition to the training of the (future) professionals, tertiary education has a significant role to play in the general critical awareness of the community, be that through participation in the development, delivery, evaluation and research of financial literacy programs, or the conduct of research into general financial decision making, regulatory and governance issues. This accords with the civic responsibilities of universities as discussed earlier (Bond and Paterson 2005, Bringle and Hatcher 2002, Batson, Ahmad, and Tsang 2002, Batson 1994) and provides an avenue for the universities to work in a specific are of public interest.

Research

The lack of theoretical development in financial planning poses a risk to the recognition of financial planning as a profession (Wagner 2002). While financial planning can be traced to a variety of theories, including home economics; agency theory; Modigliani's life cycle theory; Markowitz's modern portfolio theory through the Capital Asset Pricing Model (CAPM) and Efficient Market Hypothesis (EMH), there is no formal body of theory available for financial planning (Warschauer 2002, Black, Ciccotello, and Skipper 2002). A stand-alone theory for financial planning would enhance the stature of the profession and assist the public in understanding why financial planning is performed (Altfest 2004, quoted in Cull 2009, p. 28). For academia this represents a significant opportunity as the lack of research in the financial planning domain, together with the professionalisation agenda, opens up opportunities for partnerships, grants, the emergence of new journals, and a raft of research papers that can inform the development of a body of knowledge for financial planning.

While there are curriculum models and frameworks that exist in relation to financial planning, there is no agreed theory or body of knowledge that exists. It is clear that academics have much to offer in this area as they strive to synthesise the theoretical aspects through further research in the context of the social, cultural, economic and political environment. Overton has completed some work in this area and summarises her paper by commenting that "analysis of financial planning theory is an area in which there are many opportunities for further research" (2008, p. 35).

5. Concluding Comments

The financial planning industry is at a cross-roads. It is an industry that has clear national and social importance due to the importance of its product (advice) in a financial world which is complex, volatile and with many participants with insufficient knowledge and skills to make effective decisions. Unfortunately, the sector has not been able to capitalise on this position due to its structure and lack of consistent performance in giving quality advice across the sector. As a result Government intervention in the sector is high and, together with the sector/ professional bodies, is moving the industry in the direction of becoming a profession.

We argue that this cannot occur without tertiary education and it is therefore critical that tertiary education engages in this transition. The lack of an agreed theory of and body of knowledge for financial planning undermines the construction of educational programs and the progression to a profession. Interestingly the voice of academe has not been loud in the debates that have surrounded financial planning and herein lies a significant opportunity for academics and their institution to engage and develop that body of knowledge and an associated agreed national curriculum in financial planning and a research agenda to support it. Without this, the economic and social concerns that arise though lack of quality advice and high levels of financial illiteracy will be more difficult to conquer. Therefore, there are significant potential positive social and economic outcomes to be achieved by further tertiary education engagement in personal financial advice.

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