



What Is A Profession?

Last month I provided an update on the professional standards of the IPA and I may have overused the word professional. While in the mood, however, I would like to explore the concept of “profession” as the word has been liberally thrown around in the various reports, articles and opinion pieces on the proposed FOFA amendments ...

Let me state at the outset that I am very interested in the concept and I facilitate the Professionalism Course for the Actuaries Institute three times each year. That course explores, via guest speakers and case studies, the serious responsibilities of being a member of a profession.

It’s fantastic that many financial advisers say that they want to be recognised as a profession but they may not understand the consequences. Here is the definition of a “profession” adopted by Professions Australia:

“A profession is a disciplined group of individuals who adhere to ethical standards and who hold themselves out as, and are accepted by the public, as possessing special knowledge and skills in a widely recognised body of learning derived from research, education and training at a high level, and who are prepared to apply this knowledge and exercise these skills in the interest of others. It is inherent in the definition of a profession that a code of ethics governs the activities of each profession. Such codes require behaviour and practice beyond the personal moral obligations of an individual. They define and demand high standards of behaviour in respect to the services provided to the public and in dealing with professional colleagues. Further, these codes are enforced by the profession and are acknowledged and accepted by the community.”

In my experience of dealing with a wide range of occupations, the challenging obstacles to becoming recognised as a true profession are:

1. “Possessing special knowledge and skills” and “learning derived from research, education and training at a high level”

I think that financial advisers have in the past failed to uniformly demonstrate these criteria but I applaud the FPA’s attempts to lift the bar on qualifications, if not training.

2. “Prepared to apply this knowledge and exercise these skills in the interest of others”

I think that financial advisers generally support these words but their actions can give the public a different perception. The push back on FOFA’s “best interest test” does not look great in this context. Nor does the relative commitment to the employer’s interest



rather than the client's interest for some employed advisers. And that's without mentioning the issues of conflicted remuneration models...

3. "Require behaviour and practice beyond the personal moral obligations of an individual"

I think that this is difficult to comment on, other than to observe that anyone who defends their actions with sole reference to legal minimum behaviour gets an automatic "Fail". The tricky element is to be willing to put aside one's own standards and be willing to embrace the standards set by the professional community.

4. "These codes are enforced by the profession"

I think that this is one area where the FPA is exemplary compared with many professions. The willingness to pursue complaints, apply sanctions and, most impressively, publish the outcome on the FPA website is remarkable.

It seems to me that the building blocks for a profession are in place. However, some of the arguments used against FOFA's current position on opt-in and the staunch opposition to the principles in APES230 do not help progress towards a true "profession".

These are the best of times to think seriously about the responsibility that a professional has towards his or her clients. Maybe this is an opportunity for a group of like-minded advisers to take the initiative and establish a new profession?