Skilling Australians: Workforce Development Case Study

Mortgage and Finance Association of Australia: Professionalising the industry

Our members are now seen as professionals working in a profession … It's the professional service we offer that has driven our market share.

Rod Edge,

Head, Professional Standards, MFAA

The Mortgage and Finance Association of Australia (MFAA) represents around 10,400, or 85 percent, of Australia's credit advisers (brokers, mortgage managers and broking groups). Its vision is to increase professional and education standards across the sector.

The MFAA want to help its members to operate at standards higher than those required by ASIC. Its members have clearly articulated that they want to go beyond simply complying with regulations and legislation, to actually use education and training strategically to ensure their industry is positioned as a desirable profession, able to attract and retain talent.

Higher standards, deeper skills, professional image

In the past, the MFAA was supporting an industry that lacked consistent career pathways, had little structured mentoring or training and was not widely perceived as a viable industry to attract talent. Credit advisers were not recognised as having the same status and level of professionalism as other finance professions, such as accountants or financial planners. For the future, the MFAA realised that professionalising the industry meant demanding higher standards from members and higher skill requirements.

The MFAA has taken the Australian Council of Professions definition of 'a profession' as a touchstone for their vision:

> *a disciplined group of individuals who adhere to high ethical standards and uphold themselves to, and are accepted by, the public as possessing special knowledge and skills in a widely recognised, organised body of learning derived from education and training at a high level, and who are prepared to exercise this knowledge and these skills in the interest of others.*

The MFAA designed and implemented a workforce development initiative that will ensure their members are legitimately understood to be professionals, and that the industry has the talent it needs to thrive in the future. The initiative has two strands:

1. **Attract talent:** A structured two-year mentor program for new entrants to the industry.
2. **Retain talent:** A career path for existing workers that involves higher education standards.

Attracting talent

The average age of the MFAA's members is 44 years. With an aging industry comes the need to attract talent and build a succession plan agenda. Mentoring is being recognised as one of the most powerful and effective ways of development. MFAA initiated a minimum standard of mentoring, which is critical to support all new entrants to the industry. The MFAA has designed a two-year structured program, has assessed and accredited aggregator and broker groups mentor program and has accredited a pool of MFAA Certified Mentors. These mentors were required to undertake a three-day mentor accreditation program before admitted to the MFAA-certified mentor pool. This three-day program, developed in partnership with two training providers, has become the minimum requirement for mentoring in the industry.

As part of the two-year mentor program, new entrants need to successfully complete the Diploma of Finance and Mortgage Broking within the first 12 months of the program.

So far over 160 credit advisers have benefited from mentoring by over 60 active mentors. MFAA's Head of Professional Standards, Rod Edge, says that the program has been extremely popular. 'We've been hearing a lot of success stories from both mentors and mentees about the benefits of the process.'

Retaining talent

To be a member of the MFAA, credit advisers have always needed to meet minimum education standards. The MFAA has set these standards higher than that required by ASIC because higher education standards contribute to a higher level of knowledge, skills and behaviours, which differentiate an MFAA-approved broker from others. It's like a quality tick. In the past the minimum requirement was FNS04 Certificate IV in Finance (Mortgage/ Finance Broking Management). However, the MFAA recognised that the skills and knowledge gained from a Certificate IV is not a high enough qualification for that of a profession, and not a qualification strong enough for today's consumers. People have higher expectations of their credit advisers. MFAA members now need to have a minimum of a FNS04/FNS10 Diploma of Finance and Mortgage Broking. The upskilling of over 10,000 members from a Certificate IV to a Diploma is a mammoth task. But it is something that the MFAA has not deviated from. In fact, the members demanded that the association operate at a higher level of professional standards.

The MFAA accessed National Workforce Development Funding through Innovation and Business Skills Australia to assist in upskilling 2,000 of its new members. Rod Edge explains:

> *Our Board made a bold decision in 2012 by increasing the education standards for members. We forecast we'd lose about 10% of members, but we've lost less than 3%, and those mostly left the industry for other reasons.*

The benefits are being felt

MFAA's workforce development initiative is beginning to yield results. Five years ago 65 percent of new to industry credit advisers left the industry within their first five years. Now that advisers have a structured career path and professional mentoring to help them problem-solve and develop their skills, the attrition rate has dropped significantly.

Credit advisers are understanding the benefits of becoming an MFAA-approved credit adviser. Membership of the MFAA has grown in the last two years by almost ten percent. The MFAA also sees the initiative as a way of promoting and attracting talent from diverse groups – Indigenous Australians, youth, mature age, parents on return to work, people living in a regional area, and women seeking training in a non-traditional female occupation. The professionalisation of the industry has particularly appealed to women, who are now joining the industry in greater numbers and taking up proportionally more MFAA education opportunities.

There are also indications that consumers are now more likely to perceive credit advisers as professionals who offer a quality service. In 2012 Credit Advisers arranged 44 percent of home loans, now they arrange over 50 percent.

Using nationally recognised qualifications as the minimum standard has been important to the success of this initiative. Credit advisers are often small or owner-operated businesses and they are located all over the country. The MFAA needed to be sure that everyone was receiving consistent training that was quality assured through government and industry processes.

Professionalising an entire industry sector is no small task, but the long-term benefits are indisputable.

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> Rod Edge,
> Head, Professional Standards, MFAA

For more information please visit
http://www.mfaa.com.au

Innovation & Business Skills Australia Ltd

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- provide integrated industry intelligence and advice to governments on workforce development and skills needs,
- maintain and improve training materials and supporting products and services, and
- provide advice on skills, training and workforce development to enterprises.

IBSA is committed to building the capability of businesses and to ensuring individuals have contemporary skills through the vocational education and training system in ICT, telecommunications, education and training, small business administration, printing, finance and the cultural and creative industries. IBSA is an expert intermediary on qualifications, skills needs and workforce planning and works as a central coordination point for the Australian Government's workforce development programs.

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