



01:
Brian Pollock
national manager,
corporate governance,
BT Principals'
Community
BT

Self-licensing: The first 12 months

For business owners wishing to have greater control, obtaining their own AFSL can be appealing. But the step up in resources and accountability is not to be underestimated. Knowing where to focus in the first 12 months can help in balancing new obligations with continuing to deliver the best outcomes for clients and the business.

New AFSL holders often come from a dealer group where they are used to having their legal and regulatory obligations assessed by others. Their licensee would then communicate any new requirements, via policy updates and training events. As an AFSL holder, they need to be ready to examine the regulatory guidance and make choices about how to apply it.

For most, this is new territory, and even the most experienced practice principal can find this a significant step up in their knowledge. However they can build the capability to make a successful transition.

The right partnerships and peer community can bring practices up the curve quickly, to assist in making critical changes to business strategy, resources and operations, so they can deliver on these new responsibilities.

Focus areas

In a profession dedicated to delivering the best financial outcomes to clients, it's only natural the majority of resources are focused on client acquisition, service delivery and retention. Success in meeting AFSL obligations takes a reasonable shift from systems and staff focused on servicing customers, to fulfilling AFSL compliance and reporting responsibilities.

Identifying priorities that can help businesses maintain client focus, while making necessary changes, is crucial in that first year:

Team

- Review current skills and competencies – objectively assess the skillset and knowledge of the whole team to determine if they have the capability to manage the AFSL responsibilities. Staff can often adapt to meet new requirements but only if they are provided with the time and support, and sometimes this can be in supply in a busy practice.
- Explore suitable training and mentoring opportunities – for team members training might include learning multiple regulatory systems and acquiring other specialised knowledge associated with managing AFSL obligations. Practice principals may benefit from coaching in accountability and decision-making so they can make the changes

required to ensure operations meet AFSL standards for compliance and reporting.

- Fill the gaps – if time constraints rule out upskilling existing staff, there may be a need for new hires or outsourcing. Exploring ways to resource their AFSL outside of the existing team can mean tough decisions about aligning the employee base with the new direction for the business.

Systems and processes

- Get organised – prioritise having everything in place early so there is no risk of falling behind on due diligence, data capture or reporting obligations. This can involve introducing new meetings, reporting and oversight mechanisms to business processes. Holding regular meetings with staff and external experts is critical to ensuring the progress of AFSL-related activities.
- Make tasks and outcomes visible – a regular forum for reviewing progress is also a good way to reach consensus on who is responsible for actions and outcomes, both in the transformation process and the practice's new AFSL decision-making and reporting activities. Creating a workflow to track and measure AFSL tasks and milestones can drive accountability and make it clear that these regulatory processes and outcomes are just as important as client service deliverables.

Small changes, big impacts

How does a practice best identify what to outsource and how to achieve this swiftly?

Revisit the practice's value proposition to understand where your core competencies lie. Determine where the most value can be added, given current capabilities and IP; for example, is developing bespoke advice policies and templates a strength, or is it more appropriate to bring in external resources to assist? In essence, where should resources be allocated to maximise value?

While some new AFSL holders may outsource to fill capability gaps, keeping things simple can be key to ensuring the sustainability of the business in the first 12 months. This may mean keeping systems and processes as consistent as possible, and leveraging off existing resources within the practice. Integrating or building new functions that aren't core to the business can be expensive and inefficient.

Don't go it alone

When it comes to making astute judgements about which providers can deliver support that

For many financial advisers, running their own AFSL is one of those significant milestones that shows they have arrived. Holding an AFSL can be so onerous and time-consuming that if you've gotten to the point where you are committing to having your own, it often means you've reached a certain level of success with your client base, you've clocked enough time in the industry to understand the ins and outs of your legal and operational obligations, and that you've achieved a certain level of success where you want more freedom to customise the client experience.

But there are things to be mindful of in your first year of being a self-licensed practice. In this issue, we help you explore the impact of making the shift, on your team, your systems and processes and your business.

Michelle Baltazar

Michelle Baltazar
director of media & publishing



The quote

Keeping things simple can be key to ensuring the sustainability of the business in the first 12 months.

fits with the business model and value proposition, speaking to more experienced AFSL holders can be invaluable. There are AFSL communities offering peer-to-peer interaction in a formal and informal way, such as the BT Principals' Community. Early interactions with peers can help focus on key priorities and select providers who are well-regarded in the licensee community. While ultimately it's the practice directors who are responsible, support from peers can assist with making better informed choices.

A worthwhile investment

The transition to holding an AFSL takes a significant commitment of time and resources, however the rewards can be equal. For example, a deeper understanding of risk can help run a practice that's more aligned to your culture and to the client experience. As an AFSL holder you may decide what level of risk is acceptable in order to meet regulatory standards, and is consistent with your customer service experience. So if you want to use a different technology to deliver statements of advice, for example, you can make that determination.

Businesses often find they can respond more quickly to seize opportunities because they don't have to wait for their licensee to make decisions. In the past, they may have been acting on their third party AFSL guidance which may be either too broad or limited to support a more agile business approach to regulatory change. Running a nimbler, more competitive practice in today's fast-paced, ever changing business environment is just one of the draws of holding an AFSL. **FS**

Important information

This article provides an overview or summary only and it should not be considered a comprehensive statement on any matter or relied upon as such. BT Australia Pty Ltd ABN 72 000 700 247. (BT) makes no representation or warranties, express or implied, as to whether this guide meets a licensee's or representative's particular objectives, obligations or requirements or whether it is applicable to the licensee or representative's particular business. Decisions as to the suitability of this article shall be made by each licensee or any BT Services prospective clients who reads this article. The licensee will not under any circumstances have any cause of action against or right to claim or recover from, BT for or concerning (and BT is not liable for) any loss or damage (including consequential loss or damage) caused directly or arising indirectly from this article or the use of this article. In the event that any questions arise with respect to this article or its applicability to the licensee's business, such questions should be directed to the licensee's compliance manager.



Watch the video
on www.fsitv.com

Brought to you by

