Industry and Institute: the future

Securities Institute Managing Director ROSLYN ALLAN FSIA reports on recent Institute developments and initiatives in education and membership services.

In what must be seen as a great step forward for the Securities Institute of Australia, our Strategic Review Group completed its final report for the National Council on the Institute’s future directions.

Following its inception in May 1997, the group made a painstaking analysis of the Institute’s existing role in the finance and investment industry, its contribution to education and professional development in the securities industry and its appropriate directions over the next decade and more.

The work of the SRG makes an immeasurable contribution to developing the identity of the Institute, clarifying its objectives and the aspirations of all who play a part in its activities.

The Institute’s National Council has adopted the group’s recommendations almost in their entirety.

An implementation schedule has been drawn up and the Institute is working towards ensuring our continuing role in contributing to the best interests of the industry and its practitioners.

The Strategic Review Group (see box) was chaired by Charles Macek, chairman of County Investment Management, who in an address to SIA graduates gave an overview of the group’s predictions for the future. He said:

“In undertaking our task we examined three broad issues relevant to the Institute. They were: how the nature of work might change, likely developments in the securities industry, and the evolution of education.

“First, it goes without saying that the world does not owe Australia or any of us a living. It is only by competing successfully – in short, through performance – that individuals or even nations will succeed. It also goes without saying that no-one has a job for life. Technology will shape the way in which we all work.

“Because of the need to perform, the lack of career or job security and the increased power of technology, more work will be undertaken from home. There will be more part-time workers than in the past. More work will be undertaken on a contract basis. More employees will be self-employed as they learn to manage their careers rather than climb a non-existent hierarchy within one organisation.

“All of this represents a less certain future, but not necessarily a less secure future for those who can exploit the opportunities.

“Second, the large financial institutions of the future will likely be global players with an international network and a global brand. In a market the size of Australia there will only be room for maybe half a dozen such organisations. In the absence of faster deregulation and micro reform, few of these are likely to be Australian in origin.

“Outside the large financial service organisations there will be a plethora of niche players with a limited product
range and boutiques with a single-product focus. However, one thing will not change; namely the creativity and innovation of this industry.

“Third, in the information and knowledge era we have entered, education and particularly credentials will play an increasing role. This will place pressure on the providers of education. Within the finance and investment industry the Securities Institute is well placed. Emphasis on practitioners ensures that the programs are relevant and up-to-date.

“Distance learning and bringing lecturers to students via technology will become growing features of the future.”

INSTITUTE EDUCATION GOES ON DISK
In the first semester of this year, Securities Institute Education introduced students enrolled in the Graduate Diploma in Applied Finance and Investment subject Options Markets and Trading (E113) to a new interactive option tutorial available on computer disk. The tutorial has been designed to enhance students’ understanding of the lecture notes and facilitate learning in a complex area.

The tutorial has more than 90 screens of information and runs for about 45 minutes. It introduces students to the basic principles of options and their pricing, and moves through various aspects of option trading, including the effects of delta, gamma and vega on an option portfolio and delta hedging.

As well as the option diskette, we have developed a new multi-media CD-ROM, “DEALING with Foreign Exchange”. The CD-ROM has been designed as an introduction to the foreign-exchange market using the latest multi-media features. The CD looks at the major participants in the foreign-exchange market, the fundamentals of dealing in FX and the dealing rooms of some of Australia’s largest banks, brokers and corporations. It also examines the concepts of two-way pricing, spots, forwards and FX currency options. Five separate tutorials build on each other.

The CD contains interviews with dealers, brokers, corporate treasurers, economists and technical analysts, as well as back-office managers, risk managers and technical support staff.

The interactive format of the CD gives users the highest level of feedback, with all questions receiving full explanations and reasoning.

TRAINING TEAM UPS THE PACE
A recent training highlight is the successful launch of two new courses, Superannuation Administration and Trade Finance. The training team is continuing to work on new programs and the launch of another new course, Insurance and Risk Management Products, is close.

The insurance course is designed for investment advisers and financial planners. It follows on from the popular five-day course Financial Planning Principles and Practice, which was introduced at the beginning of 1998 and has attracted hundreds of participants around Australia. This course has become a key part of the training for financial planners in three of the four major banks and other clients.

We continue to work closely with clients throughout the finance and investment industry, providing training programs tailored to their special needs. One particularly interesting consultancy has been to provide a major bank with an integrated package of training, self-study modules and annual external accreditation testing for proper authority holders.

Another program entailed six months of work with a key regulator, deepening its employees’ familiarity with the products and players in the financial markets.

GOING GLOBAL, BY POPULAR REQUEST
International demand for the Securities Institute’s expertise in preparing and presenting education and training programs continues to rise, with a growing list of clients and industry participants in the Asia-Pacific region.

Over the past 10 years we have designed and developed specifically tailored courses for securities regulators, stock and derivatives exchanges, professional association and multilateral agencies.

Courses relating to licensing have been designed for regulators and exchanges in Malaysia, Mauritius, New Zealand and Sri Lanka. Other courses have been conducted in Indonesia, the Philippines and Fiji and for clients in China and Thailand.

Further, more than 800 international students undertake the Institute’s education programs each year, most of them in the Asia-Pacific region.

The international popularity of the Institute’s education and training output follows its widespread acceptance in Australia as high-quality professional accreditation.

STRATEGIC REVIEW GROUP MEMBERS
Members of the Strategic Review Group were:
Charles Macek FSIA (chairman), County Investment Management Limited
Prof. Jeremy Davis, Australian Graduate School of Management
Darryl Godbey ASIA, Access Economics, Adelaide
Jack Gray, AMP Asset Management Australia Ltd
David Husband, Consultant
Linda Nicholls, Adviser, Coopers & Lybrand
Bruce Parnutt, Merrill Lynch International
Rowan Ross FSIA, Bankers Trust Australia Ltd
Roslyn Allan FSIA, Securities Institute of Australia
Lillian Lesueur (executive secretary), Securities Institute of Australia