

SPREADING THE WORD TO THE NEXT GENERATION

Have you ever tried to explain securitisation with just your voice and bare hands? One evening behind the undulating façade of the Frank Gehry-designed UTS Business School in a 60-seat oval auditorium, I did just that – on behalf of the Australian Securitisation Forum (ASF)’s Future Leaders and Young Professionals (FLYP) subcommittee.

BY MONICA STEPHENS-SALIBA

Needless to say, it’s a complex topic to bring to young minds. A temporary loss of technology that evening meant I could not leave it to Ryan Gosling to explain it, either. Our presentation was (meant to be) complemented with a short clip of the ‘Jenga’ scene from the 2015 film adaptation of *The Big Short* in which Ryan Gosling elegantly demonstrates residential mortgage-backed securities (RMBS) tranching with the use of a jenga stack.

Breaking down securitisation into palatable pieces is precisely the challenge the ASF’s FLYP subcommittee has embarked on. FLYP is made up of a wide array of securitisers from the industry and has now delivered 12 successful presentations to universities in Sydney and Melbourne.

Joshua Knuckey, associate director at Macquarie Bank in Sydney and chairman of FLYP, says the primary objective of the university outreach programme is to demystify what some have labelled as the “dark arts” of finance and help students identify logical pathways into institutional finance roles.

“The specialist nature of our industry means it is seldom the subject of much attention at universities – it is often simply a postscript to the tales of fiscal carnage from the global financial crisis with little explanation of the industry

and the excellent professional opportunities it presents,” Knuckey says.

He adds: “The case can be made that securitisation was a convenient scapegoat, copping criticism after criticism for its role in the global financial crisis without due consideration of the Australian market, which demonstrates a lack of understanding of the process and its often-overlooked benefits.”

In addition to making students aware of opportunities, FLYP’s coordinated programme also provides the industry with a candid voice to correct some of the common misunderstandings – thereby promoting a positive reputation for the industry.

Dr Harry Scheule, professor at UTS Business School, acknowledges securitisation gets a light touch in universities: “Securitisation is one example that is not fully recognised in our teaching despite the global importance for risk transfer and bank funding. Securitisation is also an important instrument to support the development of financial markets in Asia Pacific and improve diversification.”

Scheule understands just how valuable it is for students to connect classroom teaching with the real world. “In our banking classes, we are moving from knowledge- to skills-based teaching and the guest lectures are an integral part of this. The guest lectures are carefully sourced to match subject content and other integrated learning approaches.”

Scheule has taken a highly practical approach to his teaching, including introducing a bank simulation study to his classes. This is a software game where students are appointed into different executive roles within a virtual bank and, over five weeks, tackle different scenarios and tasks in managing the bank.

The varying professional backgrounds of the FLYP committee members has allowed students to benefit from many perspectives in these talks – from a major bank’s funding perspective to that of a loan originator that relies more heavily on securitisation markets.

One of my peers in the committee also brings to the table a wealth of knowledge on the emerging Asian markets in this segment. This is hugely beneficial in the context of the internationalisation of both the Australian market and its further-education institutions.

Dr Nathan Gooley, of University of Sydney Business School, comments that these sessions enhance the students’ educational experience as they get a glimpse into the everyday life of the speaker.

“Having representatives from the ASF is not only a wonderful way for students to learn about securitisation in Australia but also introduces them to various professions and career opportunities in the field. University of Sydney students left the experience with more knowledge than they came in with. I believe the process helps students build important connections between what they are learning and the real world of securitisation in Australia.” ■