

# KNOWING THE CONSUMER

**There are tough first days on the job, and then there are those where you show up to the office having been handed the most significant reform package for your industry in 20 years. Alex Burke reports.**

That was what faced Sally Loane when she took the reins at the Financial Services Council from John Brogden at the end of 2014. To her credit, though, she describes that day in positive terms. "It was the day David Murray brought down the Financial System Inquiry," she recalls, "and I saw the FSC team burst into a well-oiled machine. Obviously, the FSC under John Brogden and Andrew Bragg had put in a number of submissions into the FSI, so what came out of that was obviously going to be extremely important. It was a great day. It certainly set my focus for what I needed to do in this job."

Having to steer the financial services industry's preeminent representative group on the day David Murray handed down the FSI recommendations was arguably the culmination of a long journey, which didn't exactly begin fortuitously. After all, Loane's first experience with financial services was as a consumer, and she had very little regard for the sector.

"I started work many years ago when superannuation was 3%," she explains, "so it was tiny and nobody really cared about it. Fast forward my own career 30 years or so and it's obviously a major part of people's assets, and it's the second-biggest asset that we'll all own. And I wish I'd



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paid more attention to it when I started my first job. I actually remember at the time thinking that was a lot of money to be 'giving up.' And we were encouraged to put extra money into it! I was like, 'Nope, not doing that.' Wish I had."

Now, of course, Loane isn't just heavily involved with superannuation professionally; she also has children of her own and urges them not to make the same mistake. "I have children my age when I started work," she says, "so 22 and 21, and the first thing I say to them is, 'Look at your super. What's happening with your super? Do you know what fund you're in? Have you got a choice? If you haven't got a choice, why not?' That really kind of bookends my first 'touch' of financial services."

Even if Loane didn't pay much attention to the benefits of financial services at the time, she does believe her then-entirely consumer-centric mindset has informed her current position. "I think I bring that perspective into this job," she argues. "What are consumers worried about? What are they thinking about? Obviously I have to think about what my members want across wealth, funds, asset management, life insurance, superannuation, financial advice networks and trustee companies, but it's important to understand what consumers are thinking about."

Loane's pre-FSC career also gave her a useful insight into the political mechanisms behind financial services regulation, having begun work as a journalist in the press gallery of the Queensland parliament. "I was there in the heady days of Joh Bjelke-Petersen," she recalls, "and I developed a real love for politics. I had a real bent to the field, so I eventually went down into the Canberra press gallery and spent a lot of time working with Michelle Grattan at The Age. She was the doyenne of the gallery – still is now, even if she's not there. She was a great role model."

Working in various journalistic capacities for Fairfax until 1999, Loane then moved onto the ABC, where she became the morning presenter for 702. Having been the seventh presenter in as many years when she came on, Loane kept the position for five-and-a-half years before leaving in 2005. After speculation that she would continue in a presenting role, Loane moved to Coca-Cola Amatil, where she became the director of media and public affairs – she says it was here that she came to understand business. "I spent nine years there, working in the corporate sector for a food, beverage and alcohol business.

"Given both the nature of the business and my role, I had to have a pretty deep understanding of how consumers think. And it helped that I've never worked inside a beltway; a confined area. I was on radio doing talkback, so I heard what people are really thinking and feeling about issues. I got an idea of what the consumer wants. And that's important for Coca-Cola, because there's a lot of the competition for the dollar, so you really have to understand what the consumer wants, because if you don't, you don't have a product. You don't have a business."

Although Loane agrees that financial services probably doesn't have as clear an idea of consumer behaviour as the food and beverage industry, she

thinks it's crucial that starts to change – on both sides. "Even though I'm not running a business here," she says, "it's important to note that we lose sight of what's really important if we don't know what the consumer wants."

"And from the consumer's perspective, financial services is the biggest sector in the Australian economy. It's huge. There are 451,000 financial services jobs in Australia. We all have super; it's compulsory. Therefore, we should be engaged with that. And one of the things I've been thinking about a lot is how can we get younger people engaged in super? It's a significant investment. Getting people more focused on that, and life insurance – because you hear some terrible stories about people who don't have good coverage – is something I've been thinking about a lot."

This is arguably going to be more challenging than ever, given the amount of negative publicity financial services has been getting recently, be it from the CommInsure investigation, alleged BBSW rigging or the release of the Panama Papers. Consumer confidence is rattled, making the sector not just opaque but also threatening. And this has fuelled Labor's calls for a potential Royal Commission into the industry, something the FSC opposes.

"We have enough regulation," she says. "We have enough rules. We just need ASIC to enforce the ones we already have."

Loane's perspective is unsurprising, given the extent to which the FSC participated in both the Financial System Inquiry and the development of the Life Insurance and Advice Working Group. She says the reforms – both of the regulatory and industry-led variety – that came out of those two processes are more than enough to curb bad behaviour, provided they're enforced properly. "There were 15 separate inquiries into financial services since the GFC," she says. "Now, that's a lot of inquiries. There are a number of pieces of legislation that have come out of those inquiries. New legislation, some self-regulation. We have enough law."

As a result, she continues, agreeing to Labor's demands would be "looking in the rear-view mirror. It would take two years to come to some sort of conclusion, then it wouldn't deliver anything until 2019 or 2020."

Instead of looking at the past, Loane argues that the industry should look to its consumers' future, both within Australia and abroad. "Specifically," she says, "let's look at funds management. Funds under management in this country have reached over \$2 trillion. As a result, we have developed a system of expertise in all areas, including global equities. It's become an expert niche in this industry, which has enormous potential to contribute to Australia's growth through exports. At the moment there aren't a lot of products and expertise we export, but there's so much potential to do so. So we've been encouraging the government to move the barriers to consumers overseas coming into our funds management businesses."

"Financial services has grown so much in a short period of time, and we need to start thinking more about what it can do for our economy." **FS**