



MEDIA RELEASE

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2019 FSC STATE OF THE INDUSTRY REPORT

The financial services industry is the largest industry in the Australian economy, a diverse, highly productive sector that has contributed more to growth than any other sector when national data collection commenced in 1974.

These figures are released today in the Financial Services Council's (FSC) 2019 State of the Industry Report.

FSC CEO Sally Loane said the report, a high-level summary and analysis of financial services, which includes banking, funds management, superannuation, insurance, financial markets and related services including financial advice, shows the sector is the engine room of the Australian economy.

"The sector produces \$161 billion of value per year, or 9 per cent of our almost \$2 trillion economy. This equates to \$6400 of economic value contributed for every Australian," Ms Loane said.

"Financial services touches every Australian, from mortgages to superannuation and retirement savings; how people get paid; through to how people receive asset protection and advice.

"As well as being the largest industry in the national economy, it dominates the economies of both NSW and Victoria, and enjoys one of the fastest rates of productivity growth in the economy.

"It is also one of the nation's largest employers, providing jobs for 450,000 people with wages and education standards above average."

The sector also paid \$8.5 billion in industry-specific taxes in the 2018 financial year and 34 per cent of all company tax.

The report highlights the importance of Australia's superannuation system as the fourth largest private pension system in the world, a system that produced the highest net returns in the developed world in the five years to 2017. Australia's average return over that period was 7.5 per cent per year, with the average in other developed markets at 3.8 per cent.

Research and data in the report show clearly that Australia's three-tiered retirement system is well targeted at boosting retirement incomes at the low income end, while providing moderate, though not excessive, tax incentives across all income ranges.

"In comparison to other countries, the Australian aged pension is highly targeted producing a fair and stable system. The Australian superannuation tax system provides roughly equivalent tax benefits to low, middle and higher income earners. In other words, the system is fair for the community as a whole.

Ms Loane said the report also noted areas where the sector could improve, including in employing women as senior managers: only 9 per cent of CEOs in the sector are female.

"In addition, more could be done to maximise the potential for financial services exports with just 5.9 per cent of services exports coming from the sector. This is well below the OECD average of 12.7 per cent."

The report also includes substantial analysis of Australia's fund management, life insurance, and financial planning businesses.

The full report is available [here](#).

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About the Financial Services Council

The Financial Services Council (FSC) has over 100 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. The industry is responsible for investing almost \$3 trillion on behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange and is the fourth largest pool of managed funds in the world. The FSC promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.