

## **MEDIA RELEASE**

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### **45<sup>th</sup> PARLIAMENT MUST END TRAFFIC-JAM OF REFORM AND STEM COSTS TO CONSUMERS**

Ongoing regulatory reform in the financial services sector over the past five years has cost industry \$2.75 billion, and will rise to \$3 billion once reforms currently before Parliament are implemented, according to new research released at the Financial Services Council (FSC) Leaders Summit in Melbourne today (Wednesday).

The research from independent consultancy Tria Partners, commissioned by the FSC, also found that the cost of reform has contributed \$105 to the cost of superannuation for every Australian consumer.

Speaking at the Financial Services Council Leaders' Summit in Melbourne, FSC CEO, Sally Loane called on the 45<sup>th</sup> Parliament of Australia to pass targeted reforms to financial services that are aimed at enhancing consumer protections and improving the sectors' international competitiveness.

"The transactional cost of political change and constant industry review, re-review and reform in a sector that offers so much potential for immediate further growth – for consumers and for the economy - has been enormous," Ms Loane said.

"If we are really serious about Australia becoming a financial services centre, and if we are really serious about delivering the best products and services to Australian consumers, then we need to get on with legislating and implementing these reforms."

Ms Loane urged the government and the parliament to prioritise the following matters:

- Reintroduction of the Life Insurance Reform Bill to address misaligned incentives and improve trust in life insurance;
- Reintroduce legislation to promote choice and competition and improved governance in the \$2 trillion superannuation industry;
- Introduction of legislation to increase standards required of financial advisers;
- Development of new investment vehicles to drive exports from our \$2.6 trillion investment management industry; and
- A simplified, lower withholding tax regime for foreign investors to support Australian investment managers seeking growth and new markets in an increasingly competitive global environment.

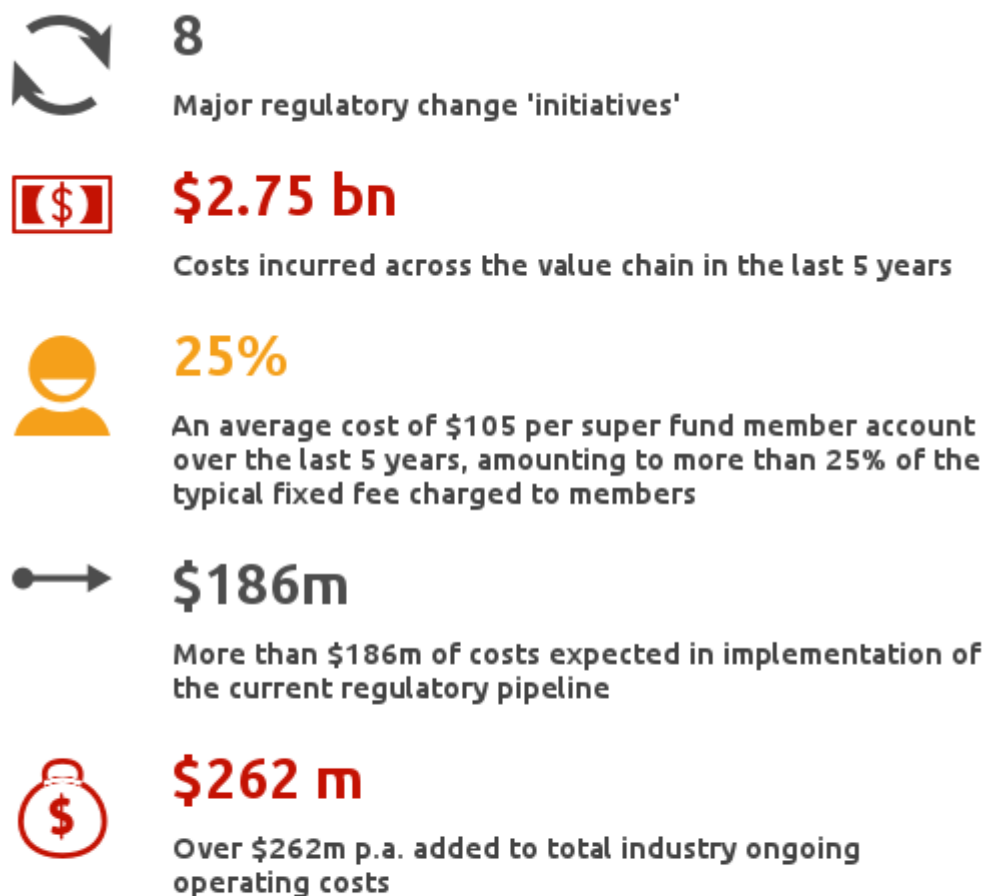
"Regulatory reform to the financial services sector has been necessary to address structural issues and improve consumer outcomes, however, this creates a very real cost to the industry and to consumers," Ms Loane said.

"Since 2009 there have been 14 major reviews or inquiries into financial services, including the recent system wide review, David Murray's Financial System Inquiry.

"Persistent political change has contributed to this cost of reform. In the last decade our sector has experienced 17 different relevant Treasury Ministers," Ms Loane said.

"It is critical therefore that to minimise future costs to consumers, we must ensure upcoming regulatory changes are fit for purpose and promote the efficiency and competitiveness of our financial services industry," Ms Loane said.

Figure 1: Cost of regulatory reform for consumers and financial services industry



**Notes to editor:**

- The FSC's annual conference opens tomorrow. For further information visit FSC Leaders Summit <http://www.fsc.org.au/events/fsc-leaders-summit-2016/home.aspx>
- Chief Executive Office Sally Loane will address the conference in Melbourne from 11:30am.

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**About the Financial Services Council**

The Financial Services Council (FSC) has over 110 members representing Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, licensed trustee companies and public trustees. The industry is responsible for investing more than \$2.6 trillion on behalf of 11.5 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 third largest pool of managed funds in the world. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.