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MEDIA RELEASE: 2017 FSC-UBS State of the Industry Report

Financial services is comfortably the largest sector in the Australian Economy, contributing 10.4 per cent of total industry Gross Value Added (GVA) last year. Over the past 40 years this represents a doubling of financial services share of economic activity from 5.2 per cent in 1976.

The sector's closest rivals – construction and mining – make up just 9.6 per cent and 8.2 per cent of total industry GVA respectively.

Financial services is also one of the nation's largest employers, providing jobs for 416,500 people.

In the 12 months to June 2016, Australia exported roughly \$312 billion in goods and services, made up of 78 per cent (\$244 billion) in goods exports and 22 per cent (\$70 billion) in services exports. Highlighting the opportunity to further grow the financial sector, of those service exports just 6.3 per cent (\$4.3 billion) was from this sector.

Further, only 0.8 per cent (\$556 million) of all service exports related to insurance and superannuation services, an industry in which Australia has an obvious comparative advantage owing to a booming domestic industry with deep skills and expertise.

FSC CEO Sally Loane said: "There is pent up demand for our world-class expertise and products from institutions and consumers in Asia, in particular, as well as other trade partners further afield. The remaining regulatory and competitive barriers must be lifted if Australia is to fulfill its huge potential.

"The standout fact in this year's report, as in previous years, is that financial services, alongside mining, is truly one of the centrepieces of the Australian economy. In fact in the 2015/16 financial year, the sector cemented its place as the biggest contributor of any other industry, accounting for \$145.8 billion of our \$1.7 trillion economy.

Bryce Doherty, head of UBS Asset Management in Australasia, said: "The importance of Australia's financial services industry cannot be overstated. As Australia's largest industry, the financial services sector is a critical driver of GDP growth, a major employer and one of the core industries in Australia's economy.

"Superannuation underpins Australia's financial services industry. As the fourth largest private pension system in the world and just 25 years old, our \$2.1 trillion superannuation system is projected to double to \$4 trillion in the next 10 years."

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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 more than \$2.7 trillion on behalf of 13 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.

About UBS Asset Management

UBS Asset Management is a large scale asset manager with well diversified businesses across regions, capabilities and distribution channels. We offer investment capabilities and investment styles across all major traditional and alternative asset classes.

Invested assets totalled some CHF628 billion at 31 March 2016. Asset Management is a leading fund house in Europe, the largest mutual fund manager in Switzerland and one of the largest fund of hedge funds and real estate investment managers in the world.