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MEDIA RELEASE: Budget – No need for Royal Commission into financial services

Tonight's Budget has introduced significant new consumer protections which should end all calls for a Royal Commission into the financial services industry.

Despite more than a decade of intense scrutiny and a raft of continuous reform, including over 15 reviews and inquiries, the Government has announced more stringent measures and new powers for the prudential regulator. There will also be a one stop shop for consumers to raise complaints about financial institutions.

Following this significantly increased regulatory oversight of financial institutions, which should not be finalised without further consultation with industry, the FSC calls for an end to the politicisation of the financial services industry by all political parties.

Further consultation will be required on the Government's final implementation of the Bank Executive Accountability Regime, a suite of new regulatory requirements on banks and other financial institutions that include the capacity for APRA to block the hiring of new executive employees and the registration of executives, and the Major Bank Levy to ensure they are appropriately targeted and have no unintended consequences on the economy.

The FSC welcomes the introduction of a one-stop shop for consumers to resolve disputes between consumers and financial services companies, which must maintain the existing structure of the Superannuation Complaints Tribunal.

FSC CEO Sally Loane said: "The Government has laid out a blueprint for strengthening consumer trust in the financial services industry. The FSC calls on all parties to finalise this unprecedented and stringent package of reforms so that we can bring an end to the politicisation of the financial services industry. These changes will have significant ramifications for the industry and we expect to be fully consulted before implementation."

The FSC also commends the Government for designing a new scheme to promote savings for first home buyers, without diluting the current superannuation nest-egg provided by our universal superannuation system.

The FSC is supportive of the Government's efforts to remove barriers to downsizing by enabling older Australians to downsize and contribute windfall gains from the sale of their home to superannuation without breaching super caps.

"The proposed reforms to allow consumers to save through their superannuation for their first home is well designed as it does not undermine the integrity of the superannuation system," Ms Loane said.

“Allowing retirees to downsize and contribute up to \$300,000 to their superannuation accounts will free up much needed supply in housing markets and help retirees monetise their largest asset – their home – to help fund their needs in retirement.”

The FSC also welcomed the extension of CGT relief for superannuation fund mergers as a practical measure to promote better consumer outcomes.

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For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or msmith@fsc.org.au.

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.