



MEDIA RELEASE

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CONSUMERS A STEP CLOSER TO UNDERSTANDING FEES AND COSTS

Consumers are another step closer to being able to clearly understand what they are being charged for when it comes to financial products.

The FSC's RG 97 Working Group submission, sent to ASIC on 2 April, highlights the need for increased transparency and comparability to help consumers make informed decisions about financial products.

Jon Ireland, partner at Norton Rose Fulbright and chair of the FSC's RG 97 Working Group said it is currently difficult for consumers to compare apples with apples when it comes to fees and costs.

"For some products, such as platform products with many investment options, more work is required to ensure disclosure meets the needs of people buying the product – meaning disclosures need to be appropriate for consumers," Mr Ireland said.

Some concerns have been raised that many platforms disclose only the cost of gaining access to a product, not the cost charged by those issuing the product. The FSC, through its participation in the cross-Industry Working Group, suggested that platform providers disclose these amounts on a voluntary basis.

The FSC understands that there has been take-up of this approach among the majority of its platform provider members. The FSC notes that ASIC is conducting a full review of platform provider disclosure to address any inconsistencies and the FSC will be involved in that consultation.

FSC's General Counsel, Paul Callaghan said the FSC was pleased with progress ASIC has made to date in reviewing RG 97, to improve the quality and consistency of fee disclosure.

"We are pleased ASIC took on board feedback that 'implicit costs' in a transaction would not be meaningful for consumers," Mr Callaghan said.

"In order to comply with fee and cost requirements product issuers will need to make extensive systems changes, they will also need to ensure disclosure is understandable by customers. The FSC accordingly has asked for ASIC to consider a lengthy transitional period after the new requirements have been settled.

“While it is clear there is more to do on these issues, significant progress has been made to date and we look forward to continuing our engagement with ASIC as drafting and consultation progresses,” Mr Callaghan said.

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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.