



MEDIA RELEASE

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FSC LUKEWARM ON APRA'S SUPERANNUATION HEATMAPPING

The Financial Services Council (FSC) has urged caution in relation to the use of APRA's proposed heatmapping exercises to make comparisons between superannuation funds.

Responding to the release of APRA's Information Paper: Heatmap – MySuper products, FSC CEO Sally Loane said that APRA has clearly worked hard to present information in a fair and impartial way and acknowledged the potential value in the analysis APRA is undertaking, but cautioned against the information being viewed in isolation.

"Particular care should be taken by commentators in interpreting the heatmaps into simplistic league tables," Ms Loane said.

"The industry was not consulted on the methodology, so we don't have full understanding of APRA's approach, this is why we caution against using the information to make a like-for-like comparison of products. We believe it is far more complex, and in some cases problematic.

"For example, the reference portfolio used by APRA to benchmark returns appears simplistic, and it is unclear whether the level of risk adjustment is appropriate.

"We are also concerned that the analysis of sustainability relates to the whole of a super fund rather than the specific products being examined, presenting a potentially misleading view.

"We urge APRA to be open to engaging on genuine concerns about data and methodology over the coming weeks," Ms Loane said.

The FSC said that while there was a case for being able to directly compare MySuper products in this format with the appropriate methodology, there were concerns about APRA's intention to expand this project to choice superannuation products.

"The variation in choice superannuation products in the market makes them significantly more difficult to accurately compare, and there are not currently agreed metrics and standards for how this would occur.

"We recommend APRA be cautious in extending this exercise to choice products before they have access to appropriate, comparable data.

Ms Loane said that if issues are addressed, information in the heatmapping analysis could be a good resource super funds can use to improve consumer outcomes.

“The FSC and our members will review the documents released today in detail, and we look forward to ongoing engagement with APRA as they improve their data collection, analysis and publication capabilities,” Ms Loane said.

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About the Financial Services Council

The Financial Services Council (FSC) has more than 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 \$3 trillion on behalf of more than 15.6 million Australians. 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. The FSC's mission is to protect and enhance confidence in a strong, sustainable financial services sector that serves Australians with integrity