MEDIA RELEASE

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Government response to Financial System Inquiry “measured” and “appropriate”: CPA Australia chief

CPA Australia chief executive Alex Malley says the Government has got the balance right in its response to the Financial System Inquiry report.

Mr Malley says the report, handed down more than 10-months ago, provided a blueprint for Australia’s financial system over the next decade, and the Government’s response is welcome.

“David Murray’s inquiry found that our financial system is essentially sound and had withstood the challenges of the past, but that we can’t be complacent about necessary enhancements for the future,” Malley said.

“The Government has responded in a measured and appropriate manner, with a real focus on better protections for consumers and an eye for future.

“Their response is reflective of David Murray’s theme of embracing sensible improvements while retaining the core strengths of a tried and tested financial system.

“The central consideration of the FSI was about finding ways to sustain confidence in our financial system while boosting its competitiveness for the future.

“Banking changes to improve capital ratios appear to be manageable, with a net impact of improving community confidence in the strength of our banking system.

“It’s particularly pleasing to see the government acknowledging that technology has changed the face of many Australian industries, none more so than financial services.

“The commitment to move ahead with a framework for crowd-sourced equity funding by the end of this year is good news for creating news ways for business to access capital. This is particularly good news for start-ups and the innovation sector, and it follows in the footsteps of developments in other jurisdictions in our region, namely New Zealand and Malaysia.

“The Government’s adoption, with further consultation, of the recommendation for ASIC to be given new powers around temporary product intervention is also good news for consumers and underlines a new level of confidence in the regulator’s ability to effectively oversee the market.

“Consumers will warmly welcome the crackdown on excessive credit card fees.

“We have long advocated for an increase in the education and competency standards for financial advisors. We see that improved credibility for the sector lies in robust education standards and ongoing professional development. The Government recognises these points and is committing to consulting widely on implementation and transition, with a view to legislation by mid next year.

“For superannuation, increasing choice for default funds is a positive for consumers. While there may be some opposition from some sections of the industry, when you’re improving choice and boosting competition you’re on the right track.

“There’s also acknowledgment that more needs to be done about the decumulation phase of super. We are living longer and for many of us, despite having a good superannuation nest egg, there is the very real possibility we will outlive our savings.

“Options for retirees around a regular income stream in retirement, while still being able to access a lump sum if needed, are welcome.

“Even more importantly, the Murray inquiry identified a need for a clear objective for our super system to be set and enshrined in legislation. While a clear objective for the retirement savings system including super, the age pension and other savings remains necessary, it is pleasing that the Government will enshrine a clear objective for super in legislation nearly a quarter of a century after the compulsory system began.”

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Contact: Stuart Dignam on 0434 003 911 or media@cpaaustralia.com.au