



FINANCIAL
SERVICES
INSTITUTE
of Australasia

FINSIA SAYS LACK OF FOCUS ON CLIENTS INVITES INDUSTRY ‘DISRUPTION’

Finsia, Australasia’s peak financial services body, today warned that companies who both manufacture and distribute financial products could face increasing competition from a new wave of ‘fintech’ players who target different parts of the life-cycle ‘value’ chain.

“Financial services firms who build and distribute product for consumers need to remain focused on what consumers want at different stages of their lives in terms of financial products and services,” said Finsia Chief Executive Officer Russell Thomas.

His call comes as the Federal Government continues with industry consultation following the release of the Financial System Inquiry (FSI) final report in December last year.

One of the FSI report’s key recommendations is that a targeted product design and distribution obligation is introduced so that product issuers and distributors consider the risk profile of consumers in design, distribution and after sale processes.

“While we generally support vertical integration, we have seen a number of instances where it has been done poorly. Where is the client in this? The clients’ needs shouldn’t be an inconvenience to the product issuers,” said Mr Thomas.

“Newer entrants to the market who aren’t constrained by legacy systems and structures could step-in to the market. We’ve seen in numerous other industries the ‘disruptors’ deliver low-cost, customer-centric solutions at scale. It might not be long before we see a serious challenge to the vertically integrated model in financial services.”

Finsia’s warnings on the potential threat facing financial product providers comes as the organisation seeks to amend its corporate governance standards and structures of its Board.

Key changes include increasing the Board’s effectiveness through a reduction in Directors to a minimum of 7, and maximum of 9, along with a greater emphasis on diversity of skills and experience.

Governance Matters — an independent expert — were engaged to assist the Board to review its governance structures and practices. These key reforms will be considered at the organisation’s Annual General Meeting this week in Sydney on 28 May.

-END-

finsia.com

Level 18
1 Bligh Street
Sydney NSW 2000
Australia

T 61 2 9275 7900
T 1300 346 742
F 61 2 9275 7999
membership@finsia.com

PO Box H99
Australia Square
NSW 1215
Australia

ABN 96066027389

About Finsia

Finsia — the Financial Services Institute of Australasia — is Australasia’s premier membership organisation for the financial services industry.

Finsia advances our members’ careers by building their capability and professional standing – and by connecting them to leading content, insights and influential networks. Finsia also plays a vital role in strengthening the financial services industry through policy initiatives and respected credentials that drive rigorous professional standards.

Media contacts

Cannings Corporate Communications

Michael Mullane / Ben Leeson

+ 61 2 8284 9993

Finsia

Caroline Falshaw

+ 61 2 9275 7984

finsia.com

Level 18
1 Bligh Street
Sydney NSW 2000
Australia

T 61 2 9275 7900
T 1300 346 742
F 61 2 9275 7999
membership@finsia.com

PO Box H99
Australia Square
NSW 1215
Australia

ABN 96066027389