



5 December 2013

Head of Secretariat
Financial System Inquiry
The Treasury
Langton Crescent
Parkes ACT 2600

By email: fsi@treasury.gov.au

Dear Sir/Madam

Financial System Inquiry – Draft Terms of Reference

The National Information Centre on Retirement Investments (NICRI) Inc welcomes the opportunity to comment on the draft terms of reference for the Financial System Inquiry (FSI).

Established in 1990 NICRI is an independent, not for profit, national consumer centre providing information on superannuation, income streams, the financial planning process, equity release and redundancy. NICRI's service delivery includes the production of over 30 publication leaflets, conducting seminars and the operation of a national toll free phone line available to all Australians.

NICRI supports the Objectives and Terms of Reference of the FSI. With the advancements in technologies and innovation along with the continual movement of financial markets, NICRI believes that an inquiry into the financial system is necessary in understanding the strengths, shortfalls and future priorities in order to make important, informed decisions that will benefit all Australians.

This inquiry has an opportunity to not only strengthen the financial system within Australia and globally, but also to instil confidence in consumers that use the system, ensure the financial system is available to all Australians, has adequate consumer protection measures in place and creates outcomes that ultimately benefit all consumers across all demographics. We have seen that a robust regulatory banking, superannuation, investment and credit system contributed to minimising the far reaching impacts of the Global Financial Crisis and also acknowledge that innovation and efficiencies aids performance and growth therefore we believe a balance is vital in any outcomes the inquiry may bring.

With an emphasis on innovation and efficiency, NICRI would like any policy recommendations resulting from the inquiry to keep in mind those that may be susceptible/vulnerable to being 'left behind'. Those in the community who have no internet access, those where language is a barrier, the handicapped, the elderly and frail, the indigenous community and the homeless are vulnerable to changes in the financial system. NICRI would like an outcome where the abovementioned members of the community have a safe, affordable, transparent and user friendly system that will also enable them to access opportunities that the broader community may be able to.

NICRI fully supports the following recommendations provided by the Consumer Action Law Centre (CALC) in their submission to the Financial Systems Inquiry dated 2 December 2013:

- *the overall objective for the Inquiry could be enhanced by clarifying that it will examine whether the financial system meets consumers' needs and contributes to Australia's wellbeing;*
- *the terms of reference should ask the Inquiry to consider how and when consumer protection and effective regulation encourages competition and efficient market outcomes;*
- *the Inquiry should consider ways innovation can be encouraged that contributes to fulfilling a social or economy-wide need;*
- *in assessing the consequences of financial regulation, the Inquiry should consider whether that regulation is meeting its stated aim efficiently, and not only the costs and negative impacts of the regulation;*
- *in recommending policy options, the Inquiry should consider the adequacy of consumer protections in promoting consumer confidence, as well as the behaviour of consumers in facilitating competition; and*
- *the Government consider including an expert in consumer policy on the Inquiry panel.*

NICRI considers that the final point above is vital to ensure that recommendations are made to ensure that ultimately all stakeholders including consumers benefit.

Finally, NICRI would also like to see the inquiry look into the effectiveness of education/financial literacy programs and recommend strategies on how it can be done better and how it can be best/better funded.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Wendy Schilg', with a long, sweeping flourish extending to the right.

Wendy Schilg
Chief Executive Officer