

Australia's financial system can be the envy of the world, if we all lean in to promote fairness

ASIC Chair James Shipton addresses CFA Societies Australia Beyond Disruption Conference

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“One of the great shames was that collectively, the Australian financial system didn’t look very hard at the lessons to be learned from the Global Financial Crisis and focus on preventing some of the negative impacts here – there was a lack of proactive leadership, and we must address these now.”

These are the words of James Shipton, Chairman of the Australian Securities and Investment Commission (ASIC) who today addressed the CFA Societies Australia Beyond Disruption Conference.

Mr Shipton reminded delegates that financial systems ultimately serve people, both collectively and individually, and that this is why fairness must lie at the heart of what we do - because the human impact of getting things wrong can be so catastrophic.

Mr Shipton pointed to the extensive government support ASIC has been given, including extra funding of \$400 million over four years to give the regulator the fire power to really make a difference, post Hayne Royal Commission.

“We want to make significant improvements, but at the same time, I don’t want to create a police state or a nanny state, I want to create an environment where professionalism is rewarded, where there is confidence that consumers are getting a fair outcome,” he said.

Mr Shipton said he is acutely aware of the high community expectations of both the financial services industry and regulators, and that we all need to lean into the challenge of addressing consumer harm.

He highlighted a number of strategic priorities which included high deterrence enforcement, implementing Commissioner Hayne’s recommendations, protecting vulnerable consumers and addressing harms in insurance among other equally crucial factors.

“We are taking a multi-dimensional and multi-disciplinary approach, and we do this in three ways – through close and continuous monitoring, corporate governance reviews, and product intervention powers,” he said.

Mr Shipton went on to acknowledge that his tools are limited, and that it is not possible to rely solely on disclosure to protect consumers.

“Disclosure doesn’t solve complexity, the effects of disclosure vary by person and situation and warnings don’t always work as they are intended,” he said.

Mr Shipton finished by praising the CFA Institute for the work it has done to raise standards and promote professionalism in financial services, something he defined as being a combination of competence and conscientiousness.

“We have a lot to be proud of here in Australia – our industry could be the envy of our region and the world, but we can’t rest on our laurels, we must continually strive to improve both standards and fairness,” he said.

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