

Guide to how major stakeholder issues have been dealt with in the Interim Report of the Financial System Inquiry (July 2014)

The table below addresses how the majority of issues raised in submissions have been addressed in the Interim Report. It has been informed by the analysis undertaken by the Centre for International Finance and Regulation (CIFR) on the major issues raised by stakeholders.¹

The table is not a feedback statement and all stakeholders should consider the Interim Report.

Sector	Issue	Most relevant chapter/s and page/s
Banking	Access to and cost of funding	Competition 2-12 to 2-16 Funding 2-76 to 2-81
	Committed Liquidity facility	Funding 2-77 to 2-78 Stability 3-39
	Comparing and switching between products	Competition 2-18 to 2-20
	Competition in the banking sector	Competition 2-6 to 2-23
	Digital identity and client identification	Technology 4-64 to 4-71
	Financial Claims Scheme	Stability 3-16 to 3-18
	Four pillars	Competition 2-20 to 2-21
	Funding economic growth	Funding 2-78 to 2-80
	Funding from overseas	Funding 2-45 to 2-48
	Housing finance	Funding 2-51 to 2-57
	Interest withholding tax	International integration 4-83 Appendix A2-3
	International opportunities	International integration chapter
	Lenders mortgage insurance	Competition 2-21 to 2-22
	Prudential standards including capital requirements	Competition 2-8 to 2-12 Funding 2-77 to 2-78 Stability 3-14 to 3-16, 3-33 to 3-43
	Regulatory burden	Regulatory architecture 3-91 to 3-97

¹ CIFR 2014, First round submission to the Financial System Inquiry, page 78-81 at: <http://www.cifr.edu.au/assets/document/CIFR%20Financial%20System%20Inquiry%20Submission%20May%202014.pdf>.

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Sector	Issue	Most relevant chapter/s and page/s
	Shadow banking	Stability 3-6 to 3-7 and 3-23 to 3-24
	Small- and medium-sized business lending	Competition 2-16 to 2-18 Funding 2-59 to 2-68 Consumer outcomes 3-82 to 3-83
	Tax treatment of deposits and other savings products	Funding 2-48 to 2-50
	Technological developments and cyber security	Technology 4-37 to 4-38 and 4-58 to 4-63
	Too-big-to-fail	Competition 2-12 to 2-16 Stability 3-8 to 3-21
	Vertical integration	Competition 2-21 Superannuation 2-105, 2-115
Small- and medium-sized and rural business	Access to market-based finance	Funding 2-64 to 2-66 and 2-92 to 2-94
	Agribusiness managed investment scheme failures	Consumer outcomes 3-84 to 3-85
	Crowd funding/peer to peer lending	Funding 2-94 Technology 4-48
	Impact of prudential standards on lending to SMEs	Funding 2-63 to 2-64
	Non-financial covenants	Consumer outcomes 3-82 to 3-83
	Rural business financing	Funding 2-66 to 2-67
	SME cost of and access to funding	Competition 2-16 to 2-18 Funding 2-59 to 2-68
	Start-up/venture capital funding	Funding 2-65 to 2-66

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Sector	Issue	Most relevant chapter/s and page/s
Superannuation and wealth management	Allocation of assets/short term focus	Funding 2-82 to 2-83 Superannuation 2-107 to 2-111
	Competition	Competition 2-37 to 2-38 Superannuation 2-105 to 2-106 and 2-115
	Disclosure and advice	Consumer outcomes 3-54 to 3-74 Regulatory architecture 3-91
	Effect on flow of funds in the economy	Funding 2-83 to 2-85
	Legacy products	Consumer outcomes 3-86 to 3-87
	Leverage in superannuation	Superannuation 2-115 to 2-117
	Managed funds – international opportunities	International integration 4-96 to 4-98
	Managed investment scheme failures	Consumer outcomes 3-83 to 3-86
	Preservation	Not directly covered
	Regulatory burden	Regulatory architecture 3-91 to 3-97
	Regulatory framework	Regulatory architecture 3-100 to 3-104
	Retirement income system and longevity risk	Retirement income 4-8 to 4-25
	Retirement product range (including barriers to product development)	Retirement income 4-25 to 4-32
	Self-managed superannuation funds	Superannuation 2-123 to 2-126
	Stability of superannuation policy settings	Superannuation 2-118 to 2-122
Superannuation fees and costs	Superannuation 2-99 to 2-103	
Retail consumers	Address financial exclusion	Consumer outcomes 3-80 to 3-81
	Affordability of insurance	Consumer outcomes 3-74 to 3-79
	Credit practices	Consumer outcomes 3-80 to 3-82

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Sector	Issue	Most relevant chapter/s and page/s
	Differentiated tax treatment of savings products	Funding 2-48 to 2-51
	Digital identity	Technology 4-64 to 4-71
	Effectiveness of consumer protection	Consumer outcomes 3-50 to 3-53
	Effectiveness of disclosure	Consumer outcomes 3-54 to 3-62
	Financial compensation scheme	Consumer outcomes 3-83 to 3-86
	Financial literacy	Consumer outcomes 3-60 to 3-62
	Healthcare costs	Not directly addressed
	Housing affordability	Not directly addressed
	Housing debt	Funding 2-51 to 2-57
	Impact investing and social impact bonds	Funding 2-73 to 2-74
	Microfinance	Consumer outcomes 3-81 to 3-82
	Needs of ageing population/Age pension	Retirement income 4-3 to 4-7 and 4-14 to 4-15
	Quality of financial advice	Consumer outcomes 3-63 to 3-73
	Social inequity	Not directly addressed
	Technological developments and consumer information	Consumer outcomes 3-71 to 3-72 Technology 4-35 to 4-40 and 4-51 to 4-57
Payments system	Competition in the payments system	Competition 2-23 to 2-32
	Impact of credit card surcharges/merchant service fees/interchange fee caps	Competition 2-23 to 2-32
	Regulatory complexity and burden	Regulatory architecture 3-103 to 3-106
	Role of Payments Systems Board and related regulation	Regulatory architecture 3-91 and 3-103 to 3-106
	Technological developments and risk management	Technology 4-37 to 4-38 and 4-45 to 4-46

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Sector	Issue	Most relevant chapter/s and page/s
	Transparency	Competition 2-32
Financial markets	Automated trading/high frequency trading/dark pools	Technology 4-49
	Competition in clearing and settlement services	Competition 2-33 to 2-37
	Competition within the financial markets system	Competition 2-33 to 2-37
	Corporate bond market	Funding 2-86 to 2-91
	Derivatives	Competition 2-33 Stability 3-12, 3-13 and 3-23
	Financial market infrastructure	Stability 3-12 to 3-13 Competition 2-33 to 2-37
	International opportunities/growth of Asia	International integration 4-77 to 4-80
	Market based financing	Funding 2-64 to 65 and 2-86 to 2-93
	Private equity funding	Funding 2-65 to 2-66
	Prospectus regime/listing standards	Funding 2-64 to 2-65 and 2-90 to 2-94
	Regulatory impediments to innovation	Technology 4-48 to 4-52
	Securitisation markets	Competition 2-12 to 2-16
	Short selling	Not directly addressed
	Systemic importance	Overview 1-19 Stability 3-12 to 3-13 Competition 2-36 to 2-37
Insurance	Aggregator access to general retail insurance	Competition 2-40 to 2-41
	Availability of affordable insurance	Consumer outcomes 3-74 to 3-80
	Health insurance	Not directly addressed
	Legacy products	Consumer outcomes 3-86 to 3-87

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Sector	Issue	Most relevant chapter/s and page/s
	Losses in group life insurance	Not directly addressed
	Regulatory burden	Regulatory architecture 3-91 to 3-97
	Risk pooling and individual risk pricing	Consumer outcomes 3-79 to 3-80
	Role of annuities	Retirement income 4-6 to 4-9
	Role of lenders mortgage insurance	Competition 2-21 to 2-22
	State and Territory taxes	Not directly addressed
	Systemic importance	Stability 3-5 to 3-7
	Technological developments and risk management	Technology 4-53 Consumer outcomes 3-79 to 3-80
	Under insurance	Consumer outcomes 3-74 to 3-80
Advisers and dealers	Bad apples and lessons from financial failures	Consumer outcomes 3-68 to 3-69 and 3-83 to 3-86
		Regulatory architecture 3-124 to 3-125
	Competency standards	Consumer outcomes 3-67 to 3-69
	Providing services to SMSFs	Superannuation 2-125 to 2-126
		Consumer outcomes 3-67 to 3-69
	Regulatory burden	Regulatory architecture 3-91 to 3-97
	Remuneration/conflicts	Consumer outcomes 3-63 to 3-65
	Scaled and general advice	Consumer outcomes 3-70 to 3-71 and 3-73 to 3-74
	Technological developments and risk	Consumer outcomes 3-71 to 3-72
	Vertical integration	Competition 2-21 and 2-37 to 2-38
Superannuation 2-105 to 2-106 and 2-115		
Large corporates	Access to big data	Technology 4-38 to 4-39
	Access to funding	Funding 2-57 to 2-59 and 2-86 to 2-91
	Dividend imputation	Funding 2-57 to 2-59

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Sector	Issue	Most relevant chapter/s and page/s
	Executive Remuneration	Stability 3-46 to 3-47
	Integration with international financial system	Funding 2-45 to 2-46 International integration 4-73 to 4-102
	Managing risk	Funding 2-57 to 2-58
	Options for companies under financial distress	Funding 2-69 to 2-71
Professional firms	International opportunities	International integration 4-87
	Regulatory complexity and burden	Regulatory architecture 3-91 to 3-97
Property and infrastructure business	Access to funding	Funding 2-71 to 2-72
	Managed investment scheme failures and structural issues	Consumer outcomes 3-83 to 3-86
	Market based funding and regulation	Funding 2-65
	Prudential standards and impact on asset allocation	Funding 2-82 to 2-85 Retirement income 4-7
	Regulatory burden	Regulatory architecture 3-91 to 3-97
Other	Adequacy of regulatory data	Regulatory architecture 3-97
	Approach for addressing taxation issues	Appendix A2-1 to A2-3
	Company proxy forms	Not directly addressed
	Corporate governance standards	Stability 3-43 to 3-48
	Custodial services	Regulatory architecture 3-107 to 3-108
	Fiscal/budget sustainability	Overview 1-22 to 1-24
	Insolvency	Funding 2-69 to 2-71
	More regular reviews of the financial system	Not directly addressed
	Off-market share buy backs	Not directly addressed

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Sector	Issue	Most relevant chapter/s and page/s
	Overall regulatory burden	Regulatory architecture 3-91 to 3-97
	Promoting innovation	Technology 4-47 to 4-50
	Reverse mortgages	Retirement income 4-32 to 4-33
	Role of policy makers and regulators	Regulatory architecture 3-89 to 3-129