

21 December 2010



**Senator David Bushby**

Chair, Senate Economics Committee  
economics.sen@aph.gov.au

Dear Senator Bushby

The Australian Financial Integrity Network (AusFIN) is a new coalition of organisations with an active interest in the better regulation of Australia's financial system. AusFIN's founding members include:

- Australian Council of Trade Unions
- CHOICE
- Consumer Action Law Centre
- Finance Sector Union of Australia
- Industry Super Network
- The Australia Institute

AusFIN's Charter sets out five broad principles which all its members believe should be used to guide reforms to the banking and financial sector. These are:

1. Promotion of competitive outcomes for consumers
2. Effective regulation to support fairer outcomes, especially in essential services such as retail banking and superannuation
3. Community access to information about key elements of our financial system
4. Removal of all conflicts of interest
5. Balancing the operation of the financial system with the needs of the community

The Charter is attached, and forms AusFIN's submission to the Senate Inquiry into Competition within the Australian Banking Sector. AusFIN will assess any reforms to the financial sector, including measures to improve competition in banking, against each of these principles.

Members of AusFIN have also made, or will be making, detailed submissions to the Inquiry with recommendations on specific issues to improve the state of Australia's banking sector.

Yours sincerely,

**Ged Kearney**, Australian Council of Trade Unions

**Richard Lloyd**, CHOICE

**Catriona Lowe**, Consumer Action Law Centre

**Leon Carter**, Finance Section Union of Australia

**David Whiteley**, Industry Super Network

**Richard Denniss**, The Australia Institute



## **Australian Financial Integrity Network**

The Australian Financial Integrity Network (AusFIN) is a group of leading Australian organisations.

Our network supports measures to improve the functioning of Australia's financial system in the interests of the Australian community, given the importance of this system as a provider of essential services to households and business.

We aim to promote, educate and advocate for reforms to the Australian financial system to achieve the goals and principles in our Charter.

The following organisations are members of AusFIN:

Australian Council of Trade Unions

CHOICE

Consumer Action Law Centre

Finance Sector Union of Australia

Industry Super Network

The Australia Institute

Australian Financial Counselling and Credit Reform Association (AFCCRA)

Consumer Credit Legal Centre (NSW)

Council of Small Business of Australia (COSBOA)

Per Capita

### ***Our Charter***

Our Charter sets out the principles that we believe should guide all participants in the Australian financial system – financial services providers, the Government, businesses, consumers, shareholders and the community as a whole.

It recognises that all essential services carry social and economic obligations and must be underpinned by appropriate policy settings and regulation.

#### **GOAL**

Australia's financial system should function in an accessible, affordable and fair manner reflecting its status as an essential service. The financial sector should deliver products and services which better balance the needs of consumers, employees, shareholders, the economy as a whole and the broader public interest.

## PRINCIPLES

To achieve an effective, well-functioning financial system in the best interests of the Australian community through:

### 1. *Promotion of competitive outcomes for consumers*

- shopping around and switching provider should be easy
- new market entrants should be encouraged
- all market participants should enjoy a level playing field
- financial institutions should not be allowed to have excessive market power
- regulators should investigate and respond proactively when problems arise

### 2. *Effective regulation to support fairer outcomes, especially in essential services such as retail banking and superannuation*

- financial services should be accessible and affordable for all consumers, regardless of their circumstances, income or location
- fees and charges should reflect costs only
- financial products and services should be provided transparently, responsibly and with a duty of care to all stakeholders

### 3. *Community access to information about key elements of our financial system*

- key information about Australia's financial system, including information about the size, nature and structure of financial institutions, levels of prices and fees in the market and wholesale costs, should be transparent and published regularly by our financial regulators

### 4. *Removal of all conflicts of interest*

- financial providers should act in the best interests of their customers and clients
- practices and structures that generate conflicts between the interests of financial providers and their customers should be eliminated

### 5. *Balancing the operation of the financial system with the needs of the community*

- policy development and implementation on financial services issues should include the voices of all groups in the community who are affected
- reflecting social and economic obligations, financial providers should strive to be Australian leaders in standards of corporate governance and behaviour
- the financial services industry should contribute to the development of the nation's skills and knowledge and the growth of sustainable and socially responsible local jobs