



MEDIA RELEASE

Financial System Inquiry on the Right Track

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The Australian Financial Markets Association (AFMA) believes the Financial System Inquiry is well-timed, as we need to check the capacity of the financial system to meet the needs of businesses and households in a time of significant change.

An efficient and well-functioning financial system promotes economic productivity by pricing capital and risk and distributing capital, liquidity and risk within the economy. Financial markets are a key pillar in the financial system, providing competition within the system through savings, investment and risk management services that meet the needs of Australian businesses and households.

Australia's economic prosperity will depend even more on capital markets in the future, as landmark global regulatory reforms and economic changes take effect.

Against this backdrop, AFMA welcomes the focus on the draft Terms of Reference on the critical elements to the funding of Australia's future economic development; especially the importance attached to cost efficiency and the efficient allocation of capital.

The Inquiry will need to be broad-based and capture the interdependencies between the various parts of the financial system. The Inquiry will also have to consider the impact of the range of factors that are shaping the financial system including competition, demographic change, innovation and technology, taxation and regulation.

The Inquiry will need to consider the competitiveness of the financial system and the provision of financial services to the Australian and international economies from Australia.

AFMA believes that the Inquiry should be forward looking and its recommendations should be directed to ensure that the financial system achieves its full potential in meeting the evolving needs of Australian consumers and business. The draft Terms of Reference provides a relevant framework to guide this work.

Notes for Editors:

The Australian Financial Markets Association (AFMA) is the leading industry association promoting efficiency, integrity and professionalism in Australia's financial markets and provides leadership in advancing the interests of all market participants. These markets are an integral feature of the economy and perform the vital function of facilitating the efficient use of capital and management of risk. Market participants perform a range of important roles within these markets, including financial intermediation and market making.

AFMA represents over 130 members, including Australian and international banks, leading brokers, securities companies, state government treasury corporations, fund managers, traders in electricity and other specialised markets and industry service providers.

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