

**Answer to question in writing:**

**HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS**

**REVIEW OF THE ASIC ANNUAL REPORT (SECOND REPORT) 2019**

**ASIC20QON:**

Is the new regulatory framework for financial advisers focused on prosecuting wrongdoers rather than encouraging and supporting good outcomes for consumers?

a) What is your view on comments that ASIC's approach is too punitive?

**Answer:**

ASIC wants to see a financial advice industry that enables access to affordable, quality financial advice for Australian consumers. We are working constructively with industry and Government to achieve this.

We recognise that a lack of access to affordable, quality financial advice is a concern. This is why we are currently undertaking a project on unmet advice needs, which will look at what impediments industry is facing in providing affordable and limited advice to consumers. The project aims to identify what steps industry and/or ASIC can take to overcome these impediments.

We also believe that consumers are better able to rely on and trust the financial advice industry if they see a regulator that consistently enforces the law and ensures that advisers are held accountable for their obligations and uphold their professional standards.

The Financial Services Royal Commission highlighted the substantial harms that misconduct in the financial services sector can inflict on consumers and investors. Such harms can have the effect of depressing consumer confidence and undermine trust in the sector.

ASIC recognises our role in driving behaviours that will restore trust and confidence. We remain committed to our 'Why not litigate?' approach. This means that in considering whether enforcement action is appropriate, we will actively ask ourselves why we would not progress a given matter through to court-based enforcement action. It does not mean that we will seek to litigate every matter as a default option. When considering enforcement action, including administrative action, we will continue to consider a range of public interest factors, including our strategic priorities and whether the conduct is egregious or harms vulnerable consumers.