

Senate Economics Legislation Committee

Inquiry into Treasury Laws Amendment (Putting Consumers First – Establishment of the Australian Financial Complaints Authority) Bill 2017

ANSWERS TO QUESTIONS ON NOTICE

Division/Agency: Financial System Division, Treasury

Senator: Hume, Jane

Question:

Chair: Have you got a sense of the dollar figure that that duplication amounts to?

Ms Pai: I don't have a sense of the dollar figure of that duplication, no.

Chair: Is that something that you can potentially take on notice?

Ms Pai: We can take that on notice.

Answer:

The Ramsay Review did not quantify the dollar figure associated with duplication due to the existence of multiple external dispute resolution schemes. However, the Review found there were duplicative costs:

- for the regulator, the Australian Securities and Investments Commission;
- for member firms; and
- for industry and consumer stakeholders (for example, due to duplication of participation in reviews of schemes' terms of references and guidelines).

Division/Agency: Financial System Division

Senator: Ketter, Chris

Question:

Ms Pai: There was no economic modelling done of that, and no-one has been able to do the economic analysis. However, the recommendations that were made by the Ramsay review did take into account the arguments that have been put forward, and the move to a single scheme is also consistent with what's happening internationally.

Senator KETTER: It has happened internationally?

Ms Pai: Yes.

Senator KETTER: Can you tell us where? Are you referring to a single private financial services industry ombudsman scheme?

Ms Pai: I will have to take that on notice.

Senator KETTER: My advice is that it hasn't happened. One of the earlier submitters talked about the Irish example. I think that was a statutory body, but I could be wrong.

Ms Pai: I'll take that on notice.

Answer:

The statement regarding the trend towards a single scheme is based on an independent study of the Financial Services Complaints Ltd (New Zealand), which referred to an international trend towards amalgamation of EDR schemes. This is referred to in the Ramsay Review (Chapter 5, p.113 of the Final Report). That Chapter discussed in detail the arguments for a single scheme operating across the entire financial sector.

The Irish Financial Services Ombudsman is a statutory body formed through the amalgamation of existing voluntary ombudsman schemes for credit institutions and insurance schemes.