

Review of competition in the Australian financial system

Productivity Commission releases its Draft Report

8 February 2018

In May 2017 the Treasurer directed the Productivity Commission (PC) to examine competition in Australia's financial system. On 7 February 2018, the PC released its draft report. Whilst the draft report makes a number of interesting proposals, it does not grapple with the impact increased regulatory burden will have on firms, which may ultimately come at a cost to consumers.

The PC has been given a broad task of examining competition across the financial sector. This includes:

Considering the level of contestability and concentration in key areas, including through vertical integration and assessing the implications for competition and consumer outcomes.

Looking at barriers to and enablers of innovation and competition in the financial system, including through policy and regulatory levers.

Scoping what competition in the financial system should look like and be prioritised, as well as the challenges to be overcome to achieve this.

The draft report contains 25 draft recommendations. These include:

Fast tracking reforms that reduce regulatory barriers to entry and expansion in banking, including improving access to capital and reviewing share ownership limits.

Improving transparency by introducing:

- an online tool providing consumers with comparative interest rate data;
- an obligation on general insurers to disclose price increases at renewal.

Providing the Australian Competition and Consumer Commission (ACCC) or Australian Securities and Investments Commission (ASIC) with increased responsibilities to promote competition in the financial system, with all regulators required to consider the competitive impact of their decisions.



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Submissions in response to the draft report are due by 20 March 2018.

How can we assist your business in the context of this important PC review?

Considering the PC's draft recommendations and the consequences for your business.

Assessing factual material that would assist the PC in finalising its report to government.

Working with you to prepare or review and advise on your draft response to the PC's draft report.

MinterEllison's dedicated competition team is recognised by Global Competition Review as an 'elite' Australia competition practice (in 2018, 8th year running). We have an unparalleled track record advising on complex matters, managing ACCC investigations, and successfully steering complex and sensitive deals through ACCC clearance. Our approach has achieved great outcomes and saved our clients time and money.

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