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MEDIA RELEASE: Financial institutions must urgently improve incident response times

Responding to the ASIC report into large financial institutions' compliance with breach reporting obligations, the Financial Services Council (FSC) said that institutions needed to respond significantly faster to incidents if they were going to restore consumer trust.

ASIC Report 594 has revealed organisations are taking far too long to identify, report and act on significant breaches that are leading to consumer detriment. Delays lead to unnecessary stress and prolonged monetary loss for consumers.

FSC CEO Sally Loane said: "More than ever, financial institutions need to embrace a sense of urgency to respond to incidents so that consumers can have wrongs put right as soon as possible. Tardy breach reporting and dragging out the remediation process erodes confidence in the system."

The FSC supports ASIC's recommendation that there needs to be an industry accepted standard on what constitutes a significant breach so Australian Financial Service Licensees are not reliant on subjective interpretations of the law.

Additionally, financial institutions should investigate whether company culture is leading to poor compliance outcomes and explore ways they can make their processes for finding and reporting problems to ASIC more efficient.

In addition to improving clarity over interpretations of significant breaches, the FSC also supports the recommendation from ASIC's Enforcement Taskforce Review of December 2017 to introduce civil penalties for failure to report breaches within required timeframes.

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For further information please contact FSC Media Manager Mark Smith on 0434 566 764 or msmith@fsc.org.au.

About the Financial Services Council

The Financial Services Council (FSC) is a leading peak body which sets mandatory Standards and develops policy for more than 100 member companies in Australia's largest industry sector, financial services. Our Full Members represent Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and licensed trustee companies. Our Supporting Members represent the professional services firms such as ICT, consulting, accounting, legal, recruitment, actuarial and research houses. The financial services industry is responsible for investing almost \$3 trillion on

behalf of more than 14.8 million Australians. The pool of funds under management is larger than Australia's GDP and the capitalisation of the Australian Securities Exchange, and is the fourth largest pool of managed funds in the world.