

Media Release

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Financial services industry must move on from regulation – *FSC-DST CEO Report*

The financial services industry must focus on innovation to drive productivity and economic growth, John Brogden, CEO of the Financial Services Council said today. Speaking at the launch of the 14th annual *FSC-DST CEO Survey* Mr Brogden said over the past three years the financial services industry has focused nearly one hundred per cent of its time and resources implementing processes to comply with new regulation.

“It is critical that the industry moves on from regulatory reform to focus on what it does best – providing new and innovative solutions and products to clients,” Mr Brogden said.

“As Australia’s largest industry, financial services has the tremendous opportunity to innovate for competitive advantage. Whether it’s developing a product for small investors saving for retirement through superannuation or a major superannuation fund looking to develop globally diversified products, Australia has the skills and resources to be a significant player on a global scale.”

“Growth through innovation will increase productivity and will have a flow on effect to the economy,” he said.

Rhys Octigan, Regional Head of Business Development for DST Global Solutions in Australia and New Zealand said: “The survey makes it clear that as financial service firms move beyond addressing mandatory regulatory requirements, the difference between the leaders and laggards of tomorrow will be their strategic versus tactical view of technology spend today.”

“Leading firms are already identifying new and strategic ways to leverage their investments in compliance to create innovative projects that will provide competitive differentiation in the future,” says Mr Octigan. “The right technology will provide these firms the ability to develop fast, effective ways to service customers and streamline front- and back-office processes.”

Mr Brogden added: “Innovation is important for the industry because financial services is a driver of innovation and productivity in the wider economy.”

He said financial services is unique in being almost entirely self-sufficient with little use of government-funded programs. “It is a funder of innovation through its relationships with universities and the investment it makes.”

This year, 50 of the FSC’s 73 member CEOs participated in the survey which captured their views on the issues and challenges their businesses are facing in Australia. The key industry-related message that emerges from the survey is that the sector is aware that it needs to restore trust and improve

its long-term sustainability to meet the needs of clients through their working lives and into retirement. However, the sector is still affected by regulation fatigue as the FoFA, MySuper and SuperStream changes continue to be bedded down. The special topic explored in this year's survey is innovation – both within the financial services industry and the role the sector plays in supporting innovation.

Key Survey Findings	
82 %	say the use of client data will improve products, increase customer service and contribute to their strategic thinking
77%	of CEOs think the financial services sector needs to do more to meet the needs of retirees
75%	say innovation in their firm is mainly focused on finding ways to increase revenue
73%	think technology is a key enabler to deliver innovative financial services products

Top Three		
Drivers of Innovation	Innovation projects	Sector concerns
<ul style="list-style-type: none"> ▪ Need to develop new products to meet changing needs of clients ▪ Need to improve customer service for existing clients ▪ Need to maintain/lift market share 	<ul style="list-style-type: none"> ▪ Developing new ways of servicing customers ▪ Developing new products ▪ Developing new internal back-office processes 	<ul style="list-style-type: none"> ▪ Consumer confidence in financial services ▪ Cost and volume of regulation ▪ Investment returns

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About the Financial Services Council-DST CEO Report

The Financial Services Council conducts an annual survey of its 73 member CEOs on the key issues affecting their businesses, the financial services sector more broadly and the Australian economy. These views are collected via a member survey, a series of roundtables and one-on-one interviews.

The 14th FSC-DST CEO Survey was conducted in conjunction with DST and focused on Innovation. The survey provides insights into the key drivers of innovation for financial services and how the industry is responding and the role the sector plays in supporting innovation in other businesses in the economy. The survey includes direct input from CEOs on their experiences, their views on opportunities and their knowledge of factors that will meet the needs of consumers into the future.

About the Financial Services Council

The Financial Services Council represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The Council has over 130 members who are responsible for investing more than \$2.2 trillion on behalf of 11 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. The Financial Services Council promotes best practice for the financial services industry by setting mandatory Standards for its members and providing Guidance Notes to assist in operational efficiency.

About DST

DST Systems, Inc. is a leading provider of sophisticated information processing and servicing solutions to companies around the world. Through its global enterprise, DST delivers strategically unified data management, business processing and customer communications solutions to the asset management, brokerage, retirement, and healthcare markets. Headquartered in Kansas City, MO., DST is a publicly-traded company on the New York Stock Exchange. For more information, visit www.dstsystems.com.

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