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CEO Update

Welcome to the latest edition of FSC News.

We hit the ground running with the first of many free-to-member policy briefings this week. Aside from the opportunity it gave us to formally introduce Allan Hansell, our new Director of Policy and Global Markets, it also served to remind us that 2017 is showing no signs of being any quieter than last year.

I am pleased to report that in each of our policy portfolios, the advocacy work cultivated by our policy managers over several years is beginning to bear fruit.

In the financial advice space two major pieces of legislation which will enhance consumer outcomes and strengthen the advice and life sectors have passed Parliament – the Life Insurance Remuneration Reforms and the Professional Standards Bill. We are also helping our life insurance members transition to the new Life Insurance Code of Practice through a series of workshops and case studies.

In superannuation, Financial Services Minister Kelly O'Dwyer has committed to reintroducing legislation to raise standards of governance across all

State of the Industry Lunch 2017



Date: 1 March 2017
 Time: 12.00 – 2.00PM
 Venue: Doltone House, Hyde Park 3/181 Elizabeth Street Sydney NSW 2000

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The Circuit - Speaker Series



Date: 2 March 2017
 Time: 4:00PM – 6:00PM
 Venue: RBC Investor & Treasury Services, Sydney

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superannuation funds, bringing them more in line with the existing FSC Standard which mandates a majority of independent directors and an independent chairman.

We continue to advocate for improving the competitiveness of Australian financial products and services offshore, develop guidance on incoming reporting and regulatory requirements and consult with the Productivity Commission on how to take our industry forward into the contemporary and competitive marketplace.

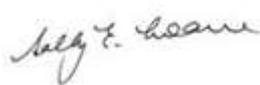
Early in March I will be appearing before a parliamentary committee, with Allan Hansell and Senior Policy Manager Bianca Richardson, as part of the Parliamentary inquiry into the life risk sector. You can be sure we will champion the tangible social and economic benefits insurance provides Australian families and our communities, as well as underline the significant reforms underway.

The FSC has established a new policy stream – Technology & Innovation, headed by Senior Policy Manager, Carla Hoorweg. It will operate across each of the existing FSC policy areas – superannuation, funds management, life insurance, financial advice and trustees – to identify policy initiatives that the FSC should pursue.

With partner UBS Asset Management, we shall also shortly be unveiling the 2017 FSC/UBS State of the Industry Report which will showcase the growth of the industry over the last 12 months and outline how policymakers can position the sector for further growth.

I look forward to seeing as many members as possible in the room for our State of the Industry lunch – an important event on the FSC calendar. This year the format will be different - my speech will be followed by a high profile panel, NSW Chairman ANZ, the Hon Warwick Smith AM; Westpac's Chief Economist Bill Evans and Group COO of AIMS Financial Group Sangeeta Venkatesan, who will discuss the critical economic, political issues in financial services both here and overseas.

There is still time to register [here](#).



Leader Summit 2017



Date: 25 - 26 July 2017

Venue: ICC Sydney

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2017 Life Insurance Conference Awards



The 2017 Life Insurance Awards are open for nominations.

The awards acknowledge the commitment, dedication and expertise of those within the industry who have excelled in their given roles and shown leadership amongst peers. This Life Insurance Awards Dinner will be filled with celebration, entertainment and the opportunity to mingle with business peers whilst also watching industry representatives as they are recognised and awarded for their commitment and achievements across a range of categories.

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FSC partners with Wise Education Group



A note from our new partners:

Founded in 2008, Wise Education Group has quickly become one of the leading education providers in Australia. A large part of this success can be attributed to our innate ability to identify and capitalise on key growth opportunities that tend to be overlooked by many of our competitors.

Our ongoing commitment to deliver the highest quality products and services, in an efficient and reliable manner, has greatly increased the level of confidence and satisfaction among our students, partners, employees and stakeholders.

For more information on Wise Education Group and to see the list of courses please click [here](#).

New policy stream - Technology & Innovation

The FSC is establishing a new policy stream to address the growing number of issues related to technology and innovation.

The FSC's Technology & Innovation policy stream will be headed up by Senior Policy Manager, Carla Hoorweg and will operate across each of the existing FSC policy areas – superannuation, funds management, life insurance, financial advice and trustees – to identify policy initiatives that the FSC should pursue.

Initial areas identified for consideration include cyber security, digital identity, distributed ledger technology, crowdfunding and how these interact with regulatory rules for client identity, privacy, data storage, regulatory reporting and foreign regulations.

Work in this area will be guided by the Technology & Innovation Expert Group which will have responsibility for developing the FSC's technology and innovation policy agenda. The group will report to the relevant FSC Board Committee/s and FSC Board as needed.

Interested members should contact Carla by email choorweg@fsc.org.au for more information.

GNGB develops Resolution Panel

The Gateway Network Governance Body (GNGB) is responsible for overseeing the Super Transaction Network, a key component of SuperStream.

The GNGB is establishing a Resolution Panel to address network disputes if and when they arise. The GNGB is seeking expressions of interest from industry participants who wish to participate, in an unpaid capacity, on the panel.

Participating on the Resolution Panel will provide industry participants a great opportunity to learn about the GNGB, SuperStream and Gateways. For more information, or to apply, see [here](#) for details.

FSC/ANZIIF Life Insurance Code of Practice Courses



The FSC is excited to announce our partnership with the Australian & New Zealand Institute of Insurance and Finance (ANZIIF) to bring you online training courses for the Life Insurance Code of Practice.

The FSC's Life Insurance Code of Practice, which launched in October last year, is the life insurance industry's commitment to mandatory customer service standards. The Code is binding for all FSC Members from 1 July 2017.

ANZIIF was chosen to develop, implement and deliver two Life Insurance Code of Practice courses.

For more information click [here](#).

Postcard from Japan

In January, Senior Policy Manager, Carla Hoorweg traveled to Japan as part of the JENESYS program. The JENESYS Programme (Japan-East Asia Network of Exchange for Students and Youths) is advanced by the Japanese government and aims to provide a sound foundation for strong solidarity within Asia through large-scale youth exchange. In this article Carla reflects on her trip.

I was initially unsure of what to expect from a mid-winter trip to Japan. As a non-skier, travelling to Japan in the bitterness of January with a group of complete strangers was not something I would normally contemplate. The fresh 1°C arrival into Narita airport however was a welcome change from Sydney's particularly oppressive summer heat.

Preliminary details showed the JENESYS 2016 Economics delegation comprised 10 Aussies, five Kiwis and an objective – experience and learn about the culture, economics and business environment in Japan. This was not much to go on but in hindsight no amount of additional information could have prepared us for what was in store. We met the objective but what we came away with so much

more – a group of life-long friends, a suitcase full of mementos, a strong desire to return ... and a few extra centimetres around the waist.

The bus ride from Narita airport to central Tokyo is always long but after a 10 hour flight it can seem exceptionally long. For our group it didn't seem to matter though and we quickly fell into good-humoured banter, mainly focussed around funny accents, the state of Australian rugby and favourite Japanese foodstuffs and whether we were going to get to eat them.

Our business meetings canvassed a wide range of Japanese exporters – from the resources trading powerhouse Mitsui & Co, which first traded commodities with us back in 1901, to the innovation laboratories of technologists, Seven Dreamers.

Representatives from the Australian Embassy in Tokyo briefed us on the export opportunities our countries are exploring, alerting us that Japan is Australia's third largest trading partner and second largest foreign direct investor, with Tokyo itself generating GDP equivalent to that of the entire United Kingdom – the biggest concentration of population and wealth on the planet.

It is little wonder; Japan's technology is phenomenally impressive.

I certainly did not envisage being introduced to a robot, let alone one that could fold and sort laundry the way the Seven Dreamers 'Laundroid' could, nor one that would play the violin, like Toyota's Partner Robot.

On the Toyota assembly line at the Motomachi plant, located in Toyota City of Aichi Prefecture, we also saw robots working seamlessly with humans to deliver daily manufacturing targets and ensure that quality and safety requirements are met. Robots undertake the metal pressing and painting stages of car panel manufacture and then move car engines and other heavy parts around the factory floor unattended.

At Panasonic's showroom in Odaiba, Tokyo, the household 'partner' robot helps 'Wonder Life-Box' occupants with everything from ordering groceries to choosing an outfit. Panasonic's vision is that people's lives will be enriched by linking advanced consumer electronics and household equipment at home. Alongside providing protection from natural

disasters – such as the air filter which blows away excess pollen prior to entering the house – the partner can identify when you might be coming down with a fever and can even make diet and exercise recommendations based on the information it gathers.

A common thread was evident in each new idea we were presented and throughout each meeting we had – there is passion in Japan. A passion to strive for perfection, a passion for achieving outcomes, a passion to be part of a community.

We saw this intrinsic drive in each person we encountered. At our visit to the Ise Grand Shinto Shrine (Jingu) in Mie Prefecture it began to make sense why.

Shintoism is often described by non-Japanese as a religion but our guides described it more as a way of life – a set of ideals to strive for, rather than a dogmatic belief system. Shinto is Japan's native faith, with rituals and principles promoting harmony and purity of heart permeating everyday life for much of the population. Ise, the largest and most important Shinto shrine in Japan, is dedicated to the sun goddess Amaterasu and continually rebuilt on a 20-year cycle to ensure traditional knowledge and craftsmanship is not lost over the generations.

From the continuous improvement (kaizen) practices on the Toyota production line to the continual regeneration of Ise Shrine, I found the level of mindfulness and dedication applied to every aspect of life in Japan to be truly inspiring.

My key takeaway? The culture, economics, and business environment of Japan are inextricably linked – an understanding of the culture informs a deeper understanding of both the economic and business environments. This has consequences for financial services providers looking to access the Japanese market under the Japan-Australia Economic Partnership Agreement, or the upcoming Asia Region Funds Passport.

For Australian businesses looking to partner, strategies employed by Japanese businesses will be well thought out, delivered with pride, and, once implemented, continually reviewed and improved to ensure they are as optimal as possible. On the investor side it will be essential to understand how culture will influence the expectations of Japanese clients around product performance and service

levels. The standards will be high – a passion for perfection is expected from everyone.

The FSC will be leading a delegation of fund managers to Japan in October 2017 to explore opportunities arising from the Asia Region Funds Passport and the recent Japan-Australia Economic Partnership Agreement. Interested members should contact Carla on choorweg@fsc.org.au

Thank you,

Financial Services Council

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