

### **Financial hardship tests foundation of Australia's finance sector**

Underlying structural problems and challenges facing the financial services sector in Australia are examined in the latest issue of the Financial Services Institute of Australasia's (Finsia) Journal of Applied Finance – JASSA.

The second issue of JASSA for 2009 analyses a wide range of issues facing Australia's financial services industry in the wake of the global financial crisis (GFC) including product design and how this contributed to the creation of complex schemes, and the extent to which inadequate financial literacy plays a role in perpetuating financial hardship. This issue also examines the current reliance on disclosure as a regulatory instrument within the context of compulsory superannuation, particularly in relation to product disclosure statements (PDSs).

One article assesses the severity of the GFC in Australia from a historical perspective, with an examination of the stock market index data from five previous financial crises since 1882. Another author takes a look at the vexing issue of defamation risk in the banking industry.

Dr Martin Fahy, Chief Executive Officer of Finsia, commented: "The recent collapses in the investment sector and the overall burden of the GFC has increased the level of financial stress for many Australians and this has undoubtedly contributed to a significant loss of confidence in our industry."

"This shake-up within our industry really demands a period of reflection and examination of the underlying structure of our regulatory framework through extensive analysis, Fahy concluded.

#### **Articles and authors in Issue 2 of JASSA for 2009 include:**

- 1. An historical perspective on the current crisis**  
Bart Frijns and Alireza Tourani-Rad F Fin, Auckland University of Technology, New Zealand
- 2. Financial hardship and financial literacy: a case study from the Gippsland Region**  
Judy Tennant, Jill Wright and Janet Jackson, Monash University
- 3. Facing up to dysfunctional finance products**  
Geoff Gloster
- 4. Defamation risk in the banking industry**  
Tim Griffiths, HWL Ebsworth Lawyers
- 5. Costs and challenges of energy transition**  
Andrew McKillop
- 6. All aboard the PDS Titanic**  
Scott Donald SF Fin, University of New South Wales
- 7. Technological banking services and operating costs**  
Tom Cronje, Curtin University of Technology
- 8. Assessing professionalism: the case of financial planning**  
Ted Watts, University of Wollongong and Brian Murphy F Fin, Deakin University

**ENDS**

**Notes to Editors:**

Finsia – the Financial Services Institute of Australasia – has a combined wealth of experience in the financial services industry dating back to 1886.

As the only professional association representing the entire spectrum of financial services throughout Australia and New Zealand, its reach extends to more than 17,000 individual professionals working across the broad categories of banking, wealth management and capital markets.

Finsia plays a vital role in protecting the industry's strength and competitiveness in today's evolving global marketplace through its core purpose of helping members succeed in their careers and supporting the growth and development of the financial services industry.

This is achieved through the provision of relevant and high quality professional development programs, a comprehensive suite of career support services and an extensive range of industry-leading information resources and publications. Finsia's leadership, research and policy-setting initiatives also play a critical role in promoting industry growth both regionally and around the world.

For further information about Finsia, visit: [www.finsia.com](http://www.finsia.com)

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