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## **From the Chair of the Editorial Board**

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## **An historical perspective on the current crisis**

BART FRIJNS AND  
ALIREZA TOURANI-RAD F Fin

To assess the severity of the current financial crisis in Australia, we examine stock market index data from five previous crises since 1882. We find that although the current crisis has not yet ended, it is very similar to the other previous crises, both in terms of magnitude and high-to-low duration. We also note that index levels alone can be misleading, giving the impression that the current crisis is much worse than it is.

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## **Financial hardship and financial literacy: a case study from the Gippsland Region**

JUDY TENNANT, JILL WRIGHT  
AND JANET JACKSON

Our research indicates that while inadequate financial literacy is a contributing factor to financial hardship, other factors such as inadequate income are important. We find no significant relationship between 'sex' and 'financial literacy'. Our study also indicates that financial counsellors play an essential role in the provision of appropriately targeted financial advice and education.

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## **Facing up to dysfunctional finance products**

GEOFF GLOSTER

Financial markets are facing a deeper and more fundamental problem than the current issues surrounding the regulation of prudential standards. This is that savings and loan products are so flawed in their ability to address user needs as to render them 'dysfunctional'. The current and previous financial crises are at least partly due to this dysfunction and, unless addressed, this will also be a factor in future crises, regardless of the regulatory reforms that are introduced.

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## **Defamation risk in the banking industry**

TIM GRIFFITHS

Based on recent groundbreaking decisions, this paper examines the legal means by which banks and financiers can protect their own reputation and manage defamation risk. It also highlights the defamation risk to financial institutions as credit providers and drawees of cheques and financial instruments, including the risk of providing information about creditworthiness.

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## **Costs and challenges of energy transition**

ANDREW MCKILLOP

In estimating the costs involved in global energy transition, difficulties are encountered in integrating a myriad of decisions to be made at all levels, from final users through to government, concerning energy saving versus energy supply substitution by renewable and low carbon energy. However, under any hypothesis, large energy savings or demand-side management will be necessary to mitigate the effects of climate change. This paper indicates that a minimum of US\$750 billion to US\$1000 billion per year of investment and spending will need to be mobilised to enable global energy transition away from fossil fuels.

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## **All aboard the PDS Titanic**

M. SCOTT DONALD SF Fin

This paper questions the current heavy reliance on disclosure as a regulatory instrument within the context of compulsory superannuation, particularly in relation to product disclosure statements (PDSs). It highlights a number of reasons why such disclosures are problematic, and questions the logic of disclosure in a system where participation is compulsory. It also suggests a need for reforms that rebalance the emphasis in the regulatory scheme shaping superannuation away from disclosure and in favour of other regulatory instruments and strategies.

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## **Technological banking services and operating costs**

TOM CRONJE

The provision of technological banking services to customers has been viewed as a crucial means of reducing banks' operating costs in terms of traditional branches and staffing. However, the findings of this paper contradict the expectation that technological banking progress will improve the ratio of staff costs to overhead expenses for all Authorised Deposit-taking Institutions (ADIs).

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## **Assessing professionalism: the case of financial planning**

TED WATTS AND  
BRIAN MURPHY F Fin

Based on a relatively small survey of 78 financial planners and their attitudes to professionalism, our research indicates that financial planning, as practised today in Australia, remains an industry rather than a profession. Using a set of attributes of professionalism derived from the literature, the results from the attitude statements provided by the respondents failed to achieve a satisfactory level of professionalism for any of these attributes.

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## **Webmaster recommends**