WEBMASTER RECOMMENDS

Financial well-being, post-GFC resilience, fair value, asset management and risk management in focus

Finsia exposition paper: Financial well-being in retirement
www.finsia.com under Policy publications

With financial well-being (FWB) in retirement becoming an increasingly important concern for Australians, Finsia recently commissioned research from the Australian Centre for Financial Studies (ACFS) to explore the range of complex issues associated with this subject, many of which are not well understood.

This paper examines the extent and sustainability of both individual and public financial resources to adequately support Australia's ageing population. The paper acknowledges the widely varied experiences of individuals and the various factors that will ultimately impact on their retirement, including the current gender disparity in superannuation savings and the individual's ability to save within the accumulation phase of life. The paper also proposes many policy options that can be used to achieve a level of FWB for all Australians.

Australian households — debt vs savings
www.ingdirect.com.au under About us then News room

ING Direct's new quarterly *Financial Wellbeing Index*, launched on 4 August 2010, reveals that Australian households are pulling out all the stops to get personal debt under control. The ING Direct Financial Wellbeing index rates households' comfort levels across six key aspects of personal financial well-being, including credit card and mortgage debt, savings, investments, household income and ability to pay bills.

Financial system and macroeconomic resilience: revisited
www.bis.org under Publications

On 25–26 June 2009, the Bank for International Settlements (BIS) held its Eighth Annual Conference on 'Financial system and macroeconomic resilience: revisited' in Basel, Switzerland. The event brought together senior representatives of central banks and academic institutions who exchanged views on this topic. BIS Paper No. 53, published September 2010, contains the opening address of Stephen Cecchetti (Economic Adviser, BIS) and the contributions of the policy panel on 'Lessons learned from the financial crisis'. The participants in the policy panel discussion, chaired by Jaime Caruana (General Manager, BIS), were William Dudley (Federal Reserve Bank of New York), Masaaki Shirakawa (Bank of Japan) and Nout Wellink (The Netherlands Bank). The papers presented at the conference and the discussants' comments have been released as BIS Working Papers 301 to 306.

G30 releases new publication
www.group30.org under News

A recently released paper by Guillermo de la Dehesa discusses 12 serious failures leading up to the recent financial crisis and how they led to instances of moral hazard, adverse selection and contagion, among others. *Twelve Market and Government Failures Leading to the 2008–09 Financial Crisis* indicates that not only have decision-makers been unable to handle these situations but, in many ways, they have also contributed to their perpetuity. This paper aims to contribute to the ongoing debate surrounding financial reform.

Investors and analysts add to the critical 'fair value' debate on financial instrument reporting
www.pwc.com under Global press room

The global financial crisis highlighted profound challenges in financial instrument accounting, prompting the two leading accounting standards boards to get together to address these challenges and search for simplicity and consistency. On 14 June 2010, PricewaterhouseCoopers released the results of detailed research on the topic sourced from a cross-section of a key stakeholder group — the investors and analysts — to add to this critical debate.

Industry study shows asset management model is in transition
An independent study from **CREATE-Research**, recently commissioned by Citi's Global Transaction Services and Principal Global Investors (Principal), found that asset management business models are in transition as the industry adapts to investor concerns about liquidity and capital protection in a new, competitive landscape.

Based on a global sample of 237 asset managers from 29 countries, with combined assets under management of US$29 trillion, the study entitled 'Exploiting uncertainty in investment markets' aims to provide an early indication of how asset managers worldwide are adapting to the post-credit crisis environment, what the emergent business models will focus upon, and where growth will come from over the next three years.

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EDHEC European ETF survey 2010

www.edhec-risk.com under Features and Latest EDHEC-Risk Surveys

As the ETF market has grown rapidly in the past decade, so has the impact of ETFs on the market as a whole. Both academic studies and comments from survey respondents indicate that significant improvements have occurred in the liquidity and efficiency of markets in the underlying securities as well as in related instruments.

Last year's survey results suggested that ETFs were one of the few financial product innovations to weather the 2008 financial crisis without undue pain, probably because, at the time, investors valued liquidity and transparency above all.

The results of this year's pan-European survey suggest that, as a consequence of strong growth, the industry has entered a phase of increased maturity. ETFs are now very widely used, and investors are embracing innovative ETF products and more advanced ways of trading them.

EDHEC-Risk study on cap-weighted Indices

www.edhec-risk.com under EDHEC-Risk Publications

After the financial crisis and the accompanying falls in the stock markets, many commentators have questioned the appropriateness of tracking cap-weighted indices. These indices are particularly inefficient and, through their momentum properties, favour the emergence of speculative bubbles.

New research from the EDHEC-Risk Institute shows that, despite widely held views to the contrary, financial theory does not support investment in these types of indices. The authors suggest that investors should urgently seek alternatives to these indices which are justified by neither fact nor theory.

UN Global Compact Network Australia established

www.unglobalcompact.org under Local networks

The Inaugural Annual Meeting of the UN Global Compact Network Australia was held on 4 June 2010 to discuss the role of business, the investment community and government in driving responsible business practice and sustainable development, locally and globally, and to vote to formalise the structure of the Australian Network.

Microfinance activities and banking supervision — final document from BIS

In August 2010, the Basel Committee on Banking Supervision issued the final version of its paper entitled *Microfinance activities and the Core Principles for Effective Banking Supervision.* It contains supervisory guidance for the application of the Basel Core Principles for Effective Banking Supervision (BCP) to microfinance activities, and the range of practices on regulating and supervising microfinance activities.

The Basel Committee's guidance is intended to point out areas where some degree of flexibility in implementing the BCP to the supervision of microfinance activities is appropriate, in light of the unique characteristics of microfinance vis-à-vis conventional retail banking. With specific references to the need for balancing regulation and supervision with ensuring financial inclusion, the report will assist countries to develop a coherent approach to microfinance supervision.

Online micro-lending via Kiva

www.kiva.org

Kiva is a US non-profit organisation, incorporated in November 2005, which partners with microfinance institutions around the world, referred to on the Kiva website as 'field partners'. Individuals ('Kiva lenders') can also contribute to a Kiva 'entrepreneur', the recipient of a Kiva loan, with a minimum amount of $25. PayPal provides Kiva with free payment processing, via PayPal's first free payment processing agreement.

The website notes that currently, Kiva lenders can only receive 0 per cent interest on their loan, but that Kiva hopes to allow Field Partners to offer non-zero interest rates to Kiva Lenders.

Payments fraud data shows mixed results

www.apca.com.au for data and fraud prevention guidelines

New payments fraud data released on 7 June 2010 by the Australian Payments Clearing Association (APCA), the payments industry self-regulatory body, shows that card fraud of all kinds (debit card, credit card and charge card) has stabilised at around 33 cents in every $1,000. Within this total, PIN-only debit cards were hardest hit by skimming attacks and signature-permitted debit and credit cards by card not present (CNP) fraud. This data covers cheques and payment cards for calendar year 2009. ■