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Managing Editor**

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**Regulating financial advice: Lessons from
the United States, the United Kingdom
and Canada**

HAZEL BATEMAN and GEOFFREY KINGSTON

In November 2014 the Senate disallowed the *Corporations Amendment (Streamlining of Future of Financial Advice) Bill*. Now is an opportune time to stand back and draw out implications for Australia from how financial advice is regulated in the leading common law countries. We also draw out implications from the debates in those countries about the regulation of advice.

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**International linkages: Financial markets
and technology**

DEBORAH RALSTON and
MARTIN JENKINSON

Technology has facilitated increased cross-border participation in financial markets and a growing prevalence of cross-jurisdictional financial market infrastructure providers. This paper investigates the potential impact of these trends on the location of various financial markets and the financing of Australian businesses. The benefits of centralised markets seem clearly to outweigh any costs in both the foreign exchange and derivative markets. However, the outcome of this trade-off is less clear in the capital markets.

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Trends in Australian corporate financing

ASHLEY FANG, MITCH KOSEV and
DAVID WAKELING

This paper examines recent trends in the corporate finances of Australian listed companies, with an emphasis on the experience since the onset of the global financial crisis. Over this period companies have relied primarily on internal funding to finance their activities. There has been a modest pickup in debt financing while equity raisings have remained subdued. The pattern has been driven almost entirely by the resources sector which increased borrowing during its investment boom. Companies outside of the resources sector have exhibited little demand for external finance, reflecting muted investment behaviour which has sustained the asset base but has not driven expansion.

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The virtue of saving

TOM VALENTINE

This paper examines the determinants of real income per capita and the international effects of productivity growth and saving. The findings suggest that there are good reasons for Australia to adopt policies which increase the saving rate. First, it would allow more investment spending to be funded from domestic sources so that it makes a greater contribution to national wealth. Maintaining the level of investment will support the growth of productivity. Also, increased saving will tend to reduce the value of the Australian dollar which will stimulate the economy.

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Mortgage product choice in Australia: The impact of market stress

MARIA YANOTTI and MARDI DUNGEY

This paper presents evidence on the impact of the global financial crisis on the selection of mortgage products by borrowers. Using a sample of bank-originated mortgage applications between January 2003 and May 2009, we show that the advent of the crisis results in significant changes in the effects of a number of borrower characteristics on mortgage product choice. These changes are consistent with the hypothesis that risks are transferred to the borrower at a discounted price during the crisis period. 'Honeymoon' products became increasingly popular and more accessible during the crisis, offering the applicant higher discounts on the variable interest rate. Also, variable and fixed-rate mortgages are both taken up by relatively low-risk applicants.

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The future of securitisation

CHRIS DALTON

This paper examines the future of the Australian securitisation market while recognising that securitisation takes place within a global market. The paper highlights the key issues that will need to be addressed to ensure the securitisation market becomes a large, deep and liquid part of our financial system, and plays a larger role in funding Australia's economic growth.