



Financial services will take the Australia-China relationship to the next level

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Australia is on the cusp of a new kind of economic relationship with China, one dominated by services rather than resources, where our greatest asset is our people and their skills and ideas.

A new joint report from Finsia and the University of Sydney's China Studies Centre entitled, 'The Development of Financial Services in China: The Role for Australia', argues that it is crucial we now place ourselves competitively to take advantage of this new phase as a finance partner for China.

While exports of financial services are on the rise — from AUD2.6 million in 2000 to AUD8 million in 2013 — China still only accounts for four percent of the financial services export market for Australia.

Report author and Executive Director of the University of Sydney's China Studies Centre Professor Kerry Brown said: "The opportunities are vast, but under-exploited."

"This is despite the many advantages that Australia has as an exporter of financial services — including robust governance frameworks and an attractive business environment," he said.

"Improvement of the international structure of financial decision making and co-operation will figure at the G20 this week too, and it is crucial Australia is placed at the forefront of this global, and regional, debate. A good strategy towards China is one of the most important components.

"Shanghai will increasingly become the centre of the action for the finance sector in China and a strategic relationship between Australia and China will be critical."

As China's middle class grows to a projected 750 million, their appetite for services will similarly expand. The emerging middle class across the country will need insurance, investment products, financial planning and more sophisticated services overall. Australia is in a unique position to capitalise on the opportunities presented by China's growing middle class.

Commenting on the report, Finsia's Chief Executive and Managing Director Russell Thomas said: "In the next phase of the China growth story, urbanisation, a growing

middle class, and ageing population will deliver a greater appetite for services — it's incumbent on Australian governments and business leaders to identify opportunities to export."

"Australian expertise stands out in wealth management and insurance, and these are the success stories we've seen in exports so far. It's vital that government and business build on these solid foundations to build awareness of Australia's strengths in the Chinese market," he said.

The joint report also identifies a number of challenges that need to be addressed before Australia can capitalise on opportunities presented by the financial services sector in China. Those challenges include:

- Licensing and regulatory challenges in China
- Perception issues around the financial sectors in both countries - Australia's financial sector is perceived as too small and conservative by China, whereas Australia is concerned about the risk profile of some Chinese institutions.
- Bureaucratic hurdles in China remain steep; with documentation for foreign banks 15 times more time consuming than for Chinese banks operating in Australia.

The report will be launched at the [2014 Sydney China Business Forum](#) on Monday 17 November, hosted by the City of Sydney. The forum will bring together over 200 business and government leaders to discuss business interactions between Australia and China.

Copies of the report will be available on Monday 17 November. They can be downloaded at:

Finsia — www.finsia.com/csc-finsia-report-2014

University of Sydney — www.sydney.edu.au/csc-finsia-report-2014

About Finsia

[Finsia](#) — the Financial Services Institute of Australasia — is Australasia's premier membership organisation for the financial services industry. Finsia advances our members' careers by building their capability and professional standing – and by connecting them to leading content, insights and influential networks. Finsia also plays a vital role in strengthening the financial services industry through policy initiatives and respected credentials that drive rigorous professional standards.

About University of Sydney China Studies Centre

The University of Sydney's China Studies Centre works in partnership with China to better understand its impact on the world and Australia, and improve cooperation and relations. It houses the highest concentration of Chinese expertise in the world outside of China. There are more than 160 academics based at the University of Sydney conducting research in a wide range of areas, from China's public health system to its economy and cultural history.

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