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FINSIA SAYS MORE UPSIDE REMAINS FOR AUSTRALIA FROM ASIA-PACIFIC INTEGRATION

Finsia, Australasia's peak financial services body, says a major new report shows Australia has yet to capitalise on the significant potential financial benefits of increasing integration with the Asia-Pacific region.

The report, *Financial Integration in the Asia-Pacific: Fact and Fiction*, finds that while there is rapid growth in the financial services sector in the region, Australia's financial connectedness is lagging.

This is despite the nation's deepening economic and political relationship with the region. Asia represents approximately two-thirds of Australia's global trading relationships but only accounts for less than one third of the nation's cross-border financial relationships.

The report, prepared on behalf of Finsia by Amy Auster, Deputy Director of the Australian Centre for Financial Studies, also says Australia's investment relationships remain skewed toward the traditional trading partners of the United States, United Kingdom and New Zealand.

Finsia Chief Executive Officer Russell Thomas said: "This report highlights the importance for the industry to maintain growth and profitability by adapting to the new economic realities of our increasing integration with the Asia-Pacific region.

"Financial services represents the largest single industrial segment of the Australian economy, contributing about 9 per cent of gross value added. These firms are a major employer across all states, and the largest single source of corporate taxation revenue.

"Within the Asia-Pacific region, the Australian financial services industry is large and the economy has a high degree of financial integration with global markets. The industry is a significant recipient of foreign direct investment, the largest originator of offshore debt capital, and the source of Australia's substantial cross-border banking claims.

"But there may be significant inhibitors to financial integration with Asia arising from within Australia and its financial system," Mr Russell said.

The report found that high barriers to financial services trade and cross-border investment in Asia may also be inhibiting Australian firms and investors from growing their connections with the region.

The major economies of Asia feature some of the most restrictive regulatory and legal regimes in both commercial banking and insurance compared to OECD nations. The report says this is a contrast with Australia, one of the most open economies in the Asia-Pacific region and with a degree of openness that exceeds the OECD average.

The report is available on Finsia's website: www.finsia.com/beyondaustralia

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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.

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