



Media Release

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Launch of Landmark Report “Financial Integration in the Asia-Pacific: Fact and Fiction”

Australia’s financial connectedness with the Asia-Pacific region lags its deepening economic, diplomatic and cultural ties with the region, according to a landmark new report by the Australian Centre for Financial Studies. The report, titled “Financial Integration in the Asia-Pacific: Fact and Fiction”, will be launched on 16 June at PwC in Sydney, with a keynote address by **Dr Guy Debelle**, Assistant Governor (Financial Markets), Reserve Bank of Australia.

The report, co-written by **Amy Auster**, Deputy Director, and **Martin Foo**, Research Officer, of the Australian Centre for Financial Studies, finds that while the Asia-Pacific region represents roughly two-thirds of Australia’s global trading relationships, it still accounts for less than one-third of Australia’s financial relationships. Australia’s financial services exports and two-way investment profile remain oriented toward the ‘traditional’ trading partners of the United States, United Kingdom and New Zealand, even as four of Australia’s top five trading partners now lie in the Asia-Pacific.

The report points out that financial services is the largest single industrial segment of the Australian economy, a major employer and the largest source of corporate tax revenue.

The industry is also a major exporter – of a magnitude not often understood in the community. The value of Australia’s exports of financial services is in fact larger than the value of its tourism exports, and more than double the value of its education exports. High barriers to services trade and cross-border investment in Asia may be inhibiting Australian firms and investors from growing their connections with the region.

This is likely to shift in 2015 with the gradual opening of China’s capital account; the realisation of a regionally-integrated ASEAN Economic Community; and the conclusion of three recent free trade agreements with China, Japan and South Korea. “All of these events will change the way in which the Australian financial system interacts with a rising Asia,” according to Amy Auster.

A key finding of the report is that many aspects of financial integration are not well-researched or understood. The benefits and costs of financial integration have not been closely examined, and the data on trade in financial services is poor. Policymakers, regulators and practitioners lack a strong evidence base from which to make decisions of vital importance to the entire economy.

“This report is a call to action for deeper research on financial integration in the Asia-Pacific, and its implications for the financial services industry and

the broader economy,” said Amy Auster. “It’s critical to understand both the opportunities and costs of financial integration with Asia, particularly as Australia has a large financial services sector and a significant international investment position.”

The report puts forward the case for a three-year research project titled “Integration in the Asia-Pacific: The Future of Australian Financial Services”, which will see the Australian Centre for Financial Studies bring together a consortium of leading organisations and researchers in Australia and Asia. Further details on this project will be released in July.

“Financial Integration in the Asia-Pacific: Fact and Fiction” will be launched at a breakfast event hosted at PwC, Darling Park, 201 Sussex Street, Sydney on 16 June. Guy Debelle’s keynote address will be followed by a panel discussion featuring Guy Debelle, Amy Auster, and **Hugh Harley** (Financial Services Leader, Australia, PwC). The panel will be moderated by **Andrew Parker** (Asia Practice Leader, PwC). The event will be introduced by **Russell Thomas**, CEO and Managing Director of the Financial Services Institute of Australasia (Finsia), and **Jeremy Duffield**, Chairman of the Australian Centre for Financial Studies.

“Financial Integration in the Asia-Pacific: Fact and Fiction” was sponsored by Finsia, the leading professional membership association representing the entire spectrum of the Australasian financial services industry. The Australian Centre for Financial Studies acknowledges Finsia for their financial support and PwC for hosting the event.

A copy of the report is attached to this media release. The report can also be accessed at www.australiancentre.com.au or at www.finsia.com.

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About:

The Australian Centre for Financial Studies (ACFS) facilitates **industry-relevant, rigorous research and independent commentary**. Drawing on expertise from academia, industry and government, ACFS promotes **thought leadership in the financial sector**.

As specialists in **leading edge finance and investment research**, ACFS aims to boost the global credentials of Australia’s finance industry, bridging the gap between research and industry, and supporting Australia as an **international centre for finance practice, research and education**.

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