

5 December 2013

Head of Secretariat  
Financial System Inquiry  
The Treasury ACT 2601  
Via email: [fsi@treasury.gov.au](mailto:fsi@treasury.gov.au)

Dear Secretariat,

**Financial System Inquiry Terms of Reference**

COTA Australia welcomes the opportunity to provide comment on the draft terms of reference for the Financial Systems Inquiry.

COTA Australia is the peak national policy body of older Australians. Its members are the eight State and Territory Councils on the Ageing (COTA) in NSW, Queensland, Tasmania, South Australia, Victoria, Western Australia, ACT and the Northern Territory.

COTA Australia has a focus on national policy issues from the perspective of older people as citizens and consumers and seeks to promote, improve and protect the circumstances and wellbeing of all older Australians; promote and protect their interests; and promote effective responses to their needs.

COTA supports the needs for a broad inquiry into the financial system as there is some evidence that the current arrangements are not adequate to deal with the increasing size and complexity of financial services in Australia. COTA often receives correspondence from older people indicating a lack of trust and confidence in the financial system and this review's focus should be on restoring that confidence.

On the whole we believe that the draft terms of reference are sufficiently broad to allow the review to cover all of the issues and to pursue matters which may arise during the review process.

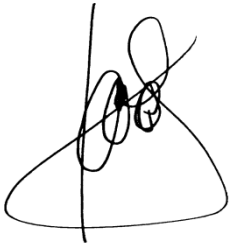
The one area that we think need strengthening is the principles to guide the development of policy options at Item 4. These emphasise the need to make the system more efficient and effective but do not give enough weight to the possible impact on individual users of the system. The financial system is getting ever more complex with the range of products and institutions that can offer them. Many older people who are leaving the workforce and relying on superannuation are having, for the first time in their lives, to take responsibility for significant funds and older people often report to COTA that they find the system overwhelming.

We support point 4.3 which talks of the need to have policy options that support individuals to reasonably manage their finances. We think however this is not sufficient. We would like to see an additional point under 4 in the terms of reference to require the review to identify the possible impact on individual consumers of all their proposed policy options so that we can see where there might be consumer detriment.

We would also like to see the review specifically examine the needs of vulnerable and disadvantaged groups, using the Australian Competition and Consumer Commission's definition of those groups. Whilst not all older people are either vulnerable or disadvantaged a significant number of them do fall into that group. These groups often struggle to equitably access financial services and protect themselves from unfair practices and need adequate protections in place to ensure they are can use the system safely and confidently.

For further information regarding this submission please contact Jo Root, National Policy Manager, on (02) 6282 3436 or email [jroot@cota.org.au](mailto:jroot@cota.org.au).

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Ian Yates', written over a large, light-colored scribble or background mark.

Ian Yates AM  
**Chief Executive**