

Changes in consumer protection for financial services

Consumers need to know that, from 1 July this year, important changes have taken place in consumer protection for financial services.

The changes are the result of legislation prompted by recommendations of the Financial System Inquiry in 1996 and 1997.

Primary responsibility for consumer protection and market integrity in the financial services area now lies with a new agency, the Australian Securities and Investments Commission (ASIC).

Formed from the Australian Securities Commission, ASIC has responsibility for consumer protection matters involving:

- facilities for taking money on deposit made available in the course of conducting a banking business;
- securities;
- futures contracts;
- contracts of insurance;
- retirement savings accounts; and
- superannuation interests.

Continuing ACCC role

The Australian Competition and Consumer Commission retains responsibility for consumer protection matters involving foreign exchange contracts and credit.

It is also still responsible for enforcement of the competition provisions of the Trade Practices Act in the whole of the financial services sector — which is vital for consumers and business alike.

The ACCC and ASIC have signed a cooperation agreement to ensure a smooth transition to the new regime and an effective future working relationship.

Under the agreement the two agencies will refer complaints to the most appropriate agency, exchange information where permitted by law, and undertake joint responses to problems in the market where required. For example, where the complained-of conduct involves both financial and non-financial services, or where it involves both consumer protection and competition issues.



ACCC Chairman presenting prize

First winner of ACCC economics/law prize

Miss Bianca Parakh has won the inaugural Australian Competition and Consumer Commission prize for an economics/law thesis in competition policy.

The award, worth \$1000, was given for Miss Parakh's thesis, 'Will the recommendations of the Audit Act Review affect the independence of the Victorian Auditor-General and the policy of public sector audits in Victoria?' She has recently completed her Bachelor of Commerce (Honours) at the La Trobe University.

Miss Parakh's work included a survey of accountants to attempt to establish the impact of the review. Apart from the guidance which these views provide for this particular legislative review the methodology adopted could also be used in relation to other legislative reviews.

A call for entries for the 1999 prize will be circulated shortly.

To be eligible for consideration theses submitted must cover an aspect of competition policy in economics and/or law and have been submitted for an honours or higher degree at an Australian tertiary institution.