

## What will the superannuation industry be like in 2025? AIST & BNP Paribas Securities Services to present new survey findings at CMSF

13 March 2015

The world we are planning for today will be very different in 10 years' time, according to a survey of the superannuation industry by the Australian Institute of Superannuation Trustees (AIST) and BNP Paribas Securities Services.

The research identified several trends that will impact our industry in 2025, including:

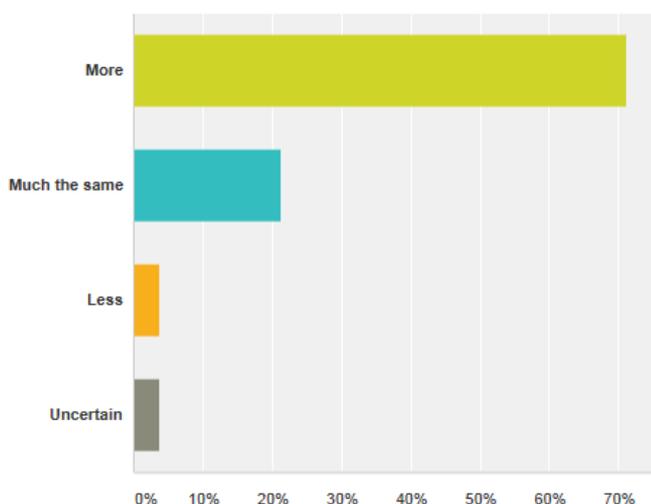
- Concern over continued government tinkering with superannuation
- Regulators will maintain strong oversight
- Demographic shifts will create divergent investment opportunities
- New asset classes will be developed
- There will be a greater emphasis on risk-return analysis, including identifying how much risk is taken to generate returns, and
- Technology will continue to revolutionise our industry.

Detailed findings will be revealed at the **Conference of Major Super Funds (CMSF)** at 11.35am on 18 March at the Gold Coast Convention and Exhibition Centre.

In a preview, Daryl Crich, Chief Administrative Officer at BNP Paribas Securities Services, said the research found industry participants were most concerned about increasing government tinkering and regulation - and expected this to continue to pre-occupy the industry.

"Over 40% of respondents think regulatory change will still be one of the biggest risks to our industry in 2025. Over 70% expect there will be even more regulation in a decade."

### Do you think there will be more or less regulation in a decade?



Source: BNP Paribas Securities Services and Australian Institute of Superannuation Trustees as at February 2015

This was reflected in a lot of the verbatim responses also. Clearly the industry is worried about regulation at present and they don't see any let-up in the next decade.

- *“Recognise vast differences between superannuation and banking.”*
- *“A less intrusive role in both strategy and operations. They have gone beyond their original mandate as being a prudential regulator.”*
- *“A more compliance management approach, rather than enforcing risk management until it hurts!”*
- *“Working more actively with international regulators to better mitigate risk inherent in international financial markets.”*
- *“Smaller Funds are in touch with their member base and know what they need and require, but are stopped by APRA regulation. The cost of implementation has been an issue.”*
- *“Currently, there is a sense that regulators don't really understand the super industry and how it is different from banks, insurance companies etc, with the result that new regulations can be harmful to our business (e.g. portfolio holdings disclosure, fee disclosures). By 2025, I would like to hope that government and regulators understand the super business better (as well as the key risks they need to protect members against) and regulation will be aimed at addressing these critical member risks.”*

This response is no shock when you consider the changes we have seen in just the last few years and the additional work required for Stronger Super.

AIST CEO Tom Garcia said that it is no surprise that some respondents worry that the Government will increasingly look at super as a source of revenue in the years to come.

“The research shows that the industry has significant concerns about regulatory change in the next ten years – another compelling reason for the need to define the objectives of super and set a strategic plan for the industry,” said Mr Garcia.

Mr Crich said: “An overwhelming majority of respondents also cited regulation as being greatest factor in stifling innovation and progress at their fund.”

More findings will be revealed at CMSF at 11.35am on 18 March at the Gold Coast Convention and Exhibition Centre. The session will also be streamed live on the day. Please contact AIST for access.

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### Further media enquiries:

**BNP Paribas Media and Corporate Affairs, Guy Mckanna: 02 9619 6324** [guy.mckanna@au.bnpparibas.com](mailto:guy.mckanna@au.bnpparibas.com)

**AIST Media & Communications Officer, Sarah Goodwin: 0401 769 296** [sgoodwin@aist.asn.au](mailto:sgoodwin@aist.asn.au)

**AIST Executive Manager, Media & Communications Janet de Silva: 0448 000 499** [jdesilva@aist.asn.au](mailto:jdesilva@aist.asn.au)

The Australian Institute of Superannuation Trustees is a national not-for-profit organisation whose membership consists of the trustee directors and staff of industry, corporate and public-sector funds.