

Securing Our Financial Future

**Five financial sector
imperatives for Labor
government's 2nd term**

Prepared for

**Ministry of Finance of
Australia**



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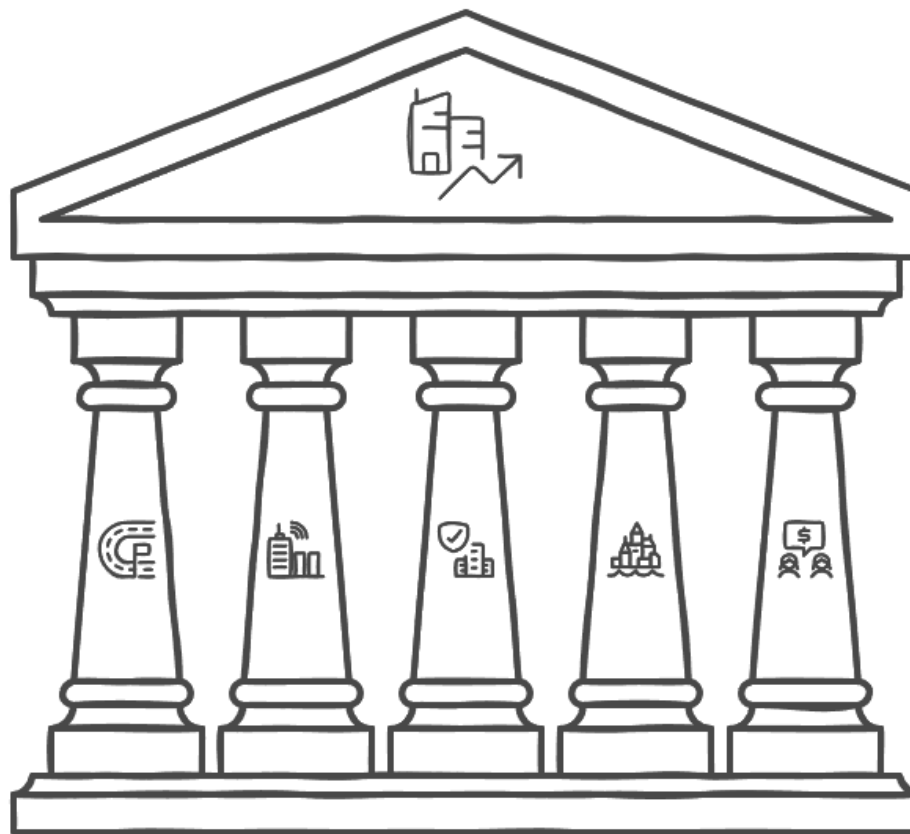
Securing our financial future:

Five financial sector imperatives for Labor's second term

Our financial sector stands at a pivotal juncture. Rapid fintech innovation, shifting regulatory landscapes and global economic headwinds have exposed both strengths and vulnerabilities in our banking, superannuation and capital-markets systems.

As Labor begins his second term, in its first 100 days, the government must move decisively to start fortifying financial stability, promoting competition and ensuring that Australians reap the benefits of a modern and resilient financial ecosystem

Strengthening Australia's Financial Future



Competition & Consolidation

Fostering competition by curbing consolidation in the banking sector.

Digital Regulation

Modernizing regulatory frameworks for digital finance and fintech.

Superannuation Governance

Enhancing governance and transparency in superannuation funds.

Financial Stability

Safeguarding financial stability against global shocks and risks.

Financial Inclusion

Promoting financial inclusion and literacy across all communities.

Here are five priorities for the 1st 100 days of Labor that will help chart a safer, more inclusive course for the country's financial future.

1. Foster competition and curb consolidation

As of March 2025, total outstanding home loans in Australia reached a historic \$2.3 trillion. Of this, three-quarters are owed to the Big Four banks, underscoring their dominant market position. While their scale has underpinned stability, it has also dampened competition, led to higher fees and stifled innovation. The government should:

- **Strengthen the “CDE” regime:** Bank Australia and Qudos Bank merger raised questions regarding the government's role in preventing uncompetitive actions like such, in a industry that is already considered an oligopoly – dominated by very few institutes. To prevent mergers that promote uncompetitive practices, the Council of Financial Regulators needs to be empowered to more rigorously assess proposals for bank mergers or acquisitions, ensuring that any consolidation demonstrably benefits consumers in the form of lower costs or better services.
- **Lower barriers for non-bank lenders:** Licensing needs to be crafted more clearly for fintech and peer-to-peer platforms, as it can have repercussions if these institutions are not governed and monitored properly. This would enable them to compete on an even playing field and drive down borrowing costs for households and SMEs.

By injecting fresh competitive pressures, the government can ignite better pricing, new products and more responsive customer service across the sector.

2. Modernize regulatory frameworks for the digital age

The rise of digital payment systems, cryptocurrencies and embedded finance demands a regulatory reboot. Our existing rules crafted for brick-and-mortar banks—are ill-suited to fast-moving tech entrants and emerging risks:

- **Create a unified fintech regulator:** Consolidate oversight of digital payments, crypto-assets and crowdfunding under a single “Innovation Hub” within ASIC, providing clear, agile guidance and reducing duplication across agencies.

- **Mandate open banking enhancements:** Extend the Consumer Data Right to mortgages, superannuation and buy-now-pay-later products, giving citizens real control over their data and fostering a new wave of customer-centric services.

A forward-looking regulatory architecture will protect consumers without strangling innovation, ensuring we lead rather than lag in the digital finance revolution

3. Strengthen superannuation governance and transparency

Australia's superannuation system has grown into one of the world's largest pools of capital that values over AUD 3 trillion. Yet concerns persist around underperformance, hidden fees and uneven value across funds:

- **Enforce performance-based reporting:** Require funds to publish net-of-fee returns alongside peer-benchmarks, so members can see who is outperforming and why.
- **Cap excessive fees and related-party transactions:** Set a reasonable maximum on administration and investment fees, such as the MBS fees so that it tightens rules to prevent conflicts of interest in fund management, and yet at the same time doesn't hurt innovation.

By bolstering accountability and cutting unnecessary costs, the government can help ensure that every working Australian sees their retirement nest egg grow fairly.

4. Safeguard financial stability amid global shocks

Climate risks, geopolitical tensions and digital threats all pose systemic challenges to our financial system. To fortify resilience, the government should:

- **Mandate climate-stress testing for major institutions:** Require banks, insurers and super funds to assess and disclose exposures to high-risk scenarios—wildfires, floods or abrupt policy shifts—and to develop transition plans.
- **Enhance cyber-security standards:** Australia experienced 47 million data breaches in 2024, making it world's 11th most affected country. Introducing minimum resilience benchmarks for critical financial infrastructure, supported by regular penetration testing and mandatory incident-reporting protocols will not only protect savers and borrowers but also uphold the country's reputation as a safe haven for global capital.

5. Champion financial inclusion and literacy

Economic growth must be broad-based to be sustainable. Yet one in three Australians still struggles with financial literacy, and underserved communities first-nation peoples, recent migrants, those with non-English background and low-income households often miss out on basic services:

- **Expand community-bank partnerships:** Provide seed funding for not-for-profit credit unions and mutuals in regional and Indigenous communities, offering fair credit where mainstream banks have retreated.
- **Launch a national financial-literacy campaign:** Integrate digital modules into school curricula and work with employers to offer free, bite-sized workshops on budgeting, superannuation and responsible credit use.

By ensuring that all Australians have both access to fair financial products and the skills to use them wisely, the government can help lift living standard, improve wellbeing and foster a more inclusive economy.

These above suggested five priorities demand more than policy measures - they require bold leadership, cross-agency collaboration and a willingness to tackle entrenched interests. The rewards are clear: a financial sector that underpins sustainable growth, rewards savers and entrepreneurs alike, and stands ready for the challenges of the 21st century.