ASIC'S STRATEGIC OUTLOOK

ASIC
Australian Securities & Investments Commission

Contents

Chairman’s message

ASIC’s fundamental objective is to allow markets to allocate capital efficiently to fund the real economy and, in turn, economic growth. This contributes to improved standards of living for all Australians.

Making sure Australians have trust and confidence in the financial system is at the heart of everything we do.

Markets cannot achieve their fundamental purpose in funding the real economy if investors, consumers and issuers do not have trust and confidence in them.

Our Strategic Outlook sets out the trends shaping our regulatory focus and examples of our responses to key risks we see in 2014–15. Next financial year, we will build on this initiative and publish a detailed Risk Outlook and Strategic Plan.

This Strategic Outlook sets out the outcomes we can – and do – achieve as an integrated financial services and markets regulator. We regulate entities at every point from ‘cradle to grave’ – from their incorporation through to their winding up – and look after the interests of the consumers they serve in an increasingly digital world.

When investors and financial consumers are victims of wrongdoing, they lose trust and confidence in our financial system. It can also have a long-lasting impact on their financial wellbeing.

This is why our regulatory strategic priorities are to:

- promote investor and financial consumer trust and confidence, and
- ensure fair, orderly and transparent markets.

We make the best use of our resources and powers to prioritise and manage the risks we see.

In 2014–15, we will take action in the areas of greatest risk that we have identified.

Where we see non-compliance, we will act quickly and decisively through our ‘detect, understand and respond’ approach. We are committed to learning from our past experiences. We will take enforcement action against entities, regardless of their size or reputation.

At the same time, the sectors and participants we regulate must look to, and act in, the long-term best interests of investors and financial consumers to ensure that trust and confidence in the Australian financial system remains strong.

Greg Medcraft
Chairman

Our strategic context

As Australia's integrated corporate, markets, financial services and consumer credit regulator, we contribute to Australia's economic reputation and wellbeing.

Our challenges

In 2014–15, we see our key challenges as:

- the balance between a free market-based system and investor and financial consumer protection, with a particular focus on ensuring that the participants we regulate have a culture and systems that emphasise the best interests of their customers
- digital disruption in our financial services and markets
- structural change in our financial system through growth of market-based financing, which is largely driven by growth in superannuation
- financial innovation-driven complexity in products, markets and technology, and
- the impact of globalisation on our financial markets.

Our strategic priorities

We respond to our challenges by achieving our strategic priorities.

For good reason, these are to:

- promote investor and financial consumer trust and confidence
- ensure fair, orderly and transparent markets, and
- provide efficient and accessible registration.[1]

These strategic priorities reflect our mandate under the *Australian Securities and Investments Commission Act 2001*.

We will act quickly and effectively to address threats in the financial system. Consistent with the principles the regulatory system is based on, we cannot eliminate market risk, prevent all wrongdoing or ensure compensation for investors who lose money.

Our deregulatory focus means we will continue to reduce red tape – for example, by providing relief where we assess it is warranted and identifying and removing redundant forms or processes that provide little regulatory benefit.

Our values of accountability, professionalism and teamwork guide us to work collaboratively to achieve our strategic priorities. Our values help to provide our talented and dedicated staff with a shared understanding of what we do and why we do it.

1 This Strategic Outlook focuses on our regulatory responses to key risks to investors, financial consumers and the sectors and participants we regulate. It does not highlight areas of focus for ASIC's registry business in 2014–15 – for example, we will work with Government to scope the potential options for future ownership of ASIC's registry business.

ACHIEVING OUR PRIORITIES

ASIC is a law enforcement agency. We use around 70% of our regulatory resources on surveillance and enforcement.

A key aspect of what we do is holding gatekeepers to account – identifying and dealing with those who break the law.

We achieve our strategic priorities through our 'detect, understand and respond' approach.

Detect

We detect wrongdoing through:

- surveillance
- breach reports
- reports from the public and whistleblowers, and
- data gathering and matching.

We adopt a risk-based approach to surveillance so that our actions are focused and proportionate. We focus on those areas that pose the greatest risk to investors, financial consumers, and the sectors and participants we regulate.

In this way, our objective is to allocate resources efficiently for the greatest market impact.

Understand

We analyse intelligence to assess risks early and, where appropriate, respond quickly.

Respond

We respond to wrongdoing or the risk of wrongdoing by:

- disrupting harmful behaviour
- taking tough, timely enforcement action
- communicating the actions we take
- educating investors and financial consumers
- providing guidance to gatekeepers, and
- providing policy advice to Government.

We are committed to learning from our previous work and experience, and to adjusting our procedures and practices accordingly. We encourage our staff to develop new, more effective or more efficient ways of doing their work. We also leverage our stakeholder engagement to better understand market issues.

Detecting and understanding risk drivers

We respond to our key challenges by detecting and understanding the drivers of risks to investors, financial consumers, and the sectors and participants we regulate.

A free market-based system and investor and financial consumer protection

Global and Australian economy

Growth in the global economy is continuing at a moderate pace, helped by firmer conditions in developed economies. Emerging market economies are once again receiving capital inflows, while volatility in many asset classes is relatively low.

The Australian economy has continued with a moderate pace of growth in 2014.[2] Australian financial market turnover has continued to grow since the global financial crisis – in particular, in the over-the-counter derivatives market.

Compliance culture and systems

The culture and systems of the participants we regulate significantly influence their compliance with the law and outcomes for their customers. Compliance culture and systems are central to investor and financial consumer trust and confidence, market integrity and growth.

Shifts in consumer sentiment and financial literacy

The global financial crisis caused a distinct shift in consumer sentiment and risk appetite – towards saving and paying down debt and away from shares and, at least initially, property.[3] While this caution remains, investors and financial consumers are more open to spending and investing in the real estate market.

The global financial crisis and resulting shift in consumer sentiment has led to some changes in specific areas of financial literacy (e.g. greater awareness of market fluctuations).[4] However, concerning gaps remain in core areas of financial literacy, such as keeping track of finances, planning ahead, and understanding risk and return.

Digital disruption

Traditional business models in financial services and markets are being disrupted by new digital strategies at an accelerating pace. In financial services, crowdfunding and peer-to-peer lending platforms are disrupting traditional ways of accessing capital. In our markets, we see digital disruption in high-frequency trading and dark liquidity.

These strategies offer investors and financial consumers additional ways of interacting with our financial services and markets, create competition, and raise new challenges for firms and regulators.

We expect continuing developments to create additional opportunities for digital disruption, including:

- more advances and take-up in the use of mobile technology for financial transactions, online investment advice, and peer-to-peer platforms that connect investors and businesses seeking finance
- increased use of ‘big data’ by financial services providers to customise their marketing, and
- increased opportunities to engage and empower consumers through interactive data innovations, such as calculators and product comparison tools.

The potential of digitisation in the financial system is yet to be fully realised. Firms and regulators need to continue to work together to harvest the opportunities from digital disruption, while mitigating the risks – in particular, we need to think about how we achieve outcomes in an increasingly digital world.

2 Australian Bureau of Statistics (ABS), *Cat 5206.0 – Australian National Accounts: National Income, Expenditure and Product, June 2014*, Released at 11.30am on 3 September 2014, http://www.abs.gov.au/ausstats/abs@.nsf/mf/5206.0?OpenDocument.

3 Westpac–Melbourne Institute, *Survey of consumer sentiment*, September 2014.

4 ANZ, *ANZ survey of adult financial literacy in Australia*, The Social Research Centre, ANZ, 2003, 2005, 2008 and 2011, www.financialliteracy.gov.au/research.

Structural change

There has been a global shift towards market-based financing. In Australia, this has been driven predominantly by growth in the superannuation sector.

Superannuation and retirement income

The superannuation industry in Australia continues to evolve and has become a major source of capital. Its impact on the Australian economy includes boosting national savings, increasing the depth and liquidity of financial markets, and compelling the participation of nearly all Australians in financial markets.

Total superannuation assets reached $1.6 trillion in 2013,[5] and are expected to rise to over $6 trillion by 2035.[6] The emergence of the self-managed superannuation fund sector is expected to continue while the rest of the industry consolidates. In 2013, there were 509,000 self-managed superannuation funds, with approximately 964,000 members holding $506 billion.[7]

An ageing population

Australia's population is ageing, with those aged over 65 projected to increase from 14.2% in 2012 to 18.6% in 2030.[8] This will affect the economy and the superannuation sector as:

- more investors will move from the accumulation phase to the drawdown phase of superannuation
- there will be more pressure on the Government's aged pension scheme and health care, and
- workforce participation levels and consequently employment rates will fall.

Consolidation in funds management

The structure of the Australian funds management industry also continues to evolve.

Significant consolidation has taken place in the funds management industry, with the four major banks estimated to account for around 60% of total industry revenue in 2013–14.[9] Additional industry consolidation is expected over the five years to 2018–19, as banks are likely to continue to increase their interests in smaller fund managers. Consolidation is also more likely to occur as superannuation funds grow in size and start to bring fund management capabilities in-house.

Vertical integration in banking and along the product distribution chain continues to pose challenges. Advisers may persuade investors and financial consumers to invest in in-house products when that may not be in their best interests. Platform operators that are also advisory dealer groups are in a position to direct many clients to in-house products.

Financial markets

Competition across almost all segments of Australian financial markets is intensifying and affecting capital raising, secondary trading and post-trade infrastructure. Competition and innovation in exchange-traded and over-the-counter markets, as well as clearing of equities, futures and over-the-counter derivatives, is likely to accelerate.

5 Australian Prudential Regulation Authority (APRA), *Annual superannuation bulletin*, June 2013 (revised 5 February 2014).

6 Super System Review: Final Report – Part One: Overview and Recommendations, 2010.

7 APRA, Tables 1, 3 and 9, *Annual superannuation bulletin*, June 2013 (revised 5 February 2014).

8 ABS, Series B, ABS, Cat 3222.0 *Population Projections, Australia*, 2 December 2013, http://www.abs.gov.au/Ausstats/abs@.nsf/mf/3222.0.

9 Ibisworld, *Funds management services in Australia*, report, December 2013, p. 23.

Financial innovation-driven complexity

Complex products are available to investors and financial consumers, but can be misunderstood or mis-sold.[10] Hybrid securities, capital protected products and other new alternative investment structures or funds management products have grown in popularity since the global financial crisis, but it is likely that many investors and financial consumers underestimate or do not understand their risks.

The growing complexity and financialisation of markets has aided innovation and increased efficiency. Technology-driven financial innovation continues to change how financial markets interact, including with investors. In turn, Australians have changed the way they communicate and transact across a broad range of platforms and devices.

The rapid pace of technological change has also brought challenges to cyber-resilience to the fore, including growth in cybercrime, data management issues and trading disruptions. The degree of cyber-resilience that firms and markets have has become critical. This applies to the measures for:

- identifying and protecting against cyber attacks, and
- detecting, responding to and recovering from cyber attacks.

Despite this, Australians' use of information and communications technologies is high on a global scale.[11] Take-up of social media is also growing.

Globalisation

The global financial system has become more integrated, competitive and complex.

Encouraging further cross-border activity and integration of international markets could deliver significant economic benefits to Australian markets, providers, investors and financial consumers. Australia's financial markets are more integrated with international markets than ever before, and financial facilities, services and products are increasingly provided across borders.

Australian financial markets have transformed in the past 15 years, with the number of licensed exchanges and the amount of secondary market trading of equities and derivatives growing. Market operators and participants are now all using technology to enable innovation. This has changed order design, market access and structures (e.g. the introduction of high-frequency trading and crossing systems) and has enabled trading to occur away from traditional, lit exchange markets and led to an increase in offshore business operations.

10 See ASIC Report 384 *Regulating complex products* (REP 384).

11 Australia ranked 19th out of 148 countries in the 'Usage' sub index, which assesses the efforts of individuals, businesses and government to increase their capacity to use information and communications technologies (ICT), as well as their actual use of ICT in their day-to-day activities. B Bilbao-Osorio, S Dutta and B Lanvin, eds., *The global information technology report 2014: Rewards and risks of big data*, World Economic Forum, April 2014, www3.weforum.org/docs/WEF_GlobalInformationTechnology_Report_2014.pdf.

Responding to key risks in 2014–15

We achieve our regulatory strategic priorities by responding to our key challenges and risks to investors, financial consumers, and the sectors and participants we regulate.

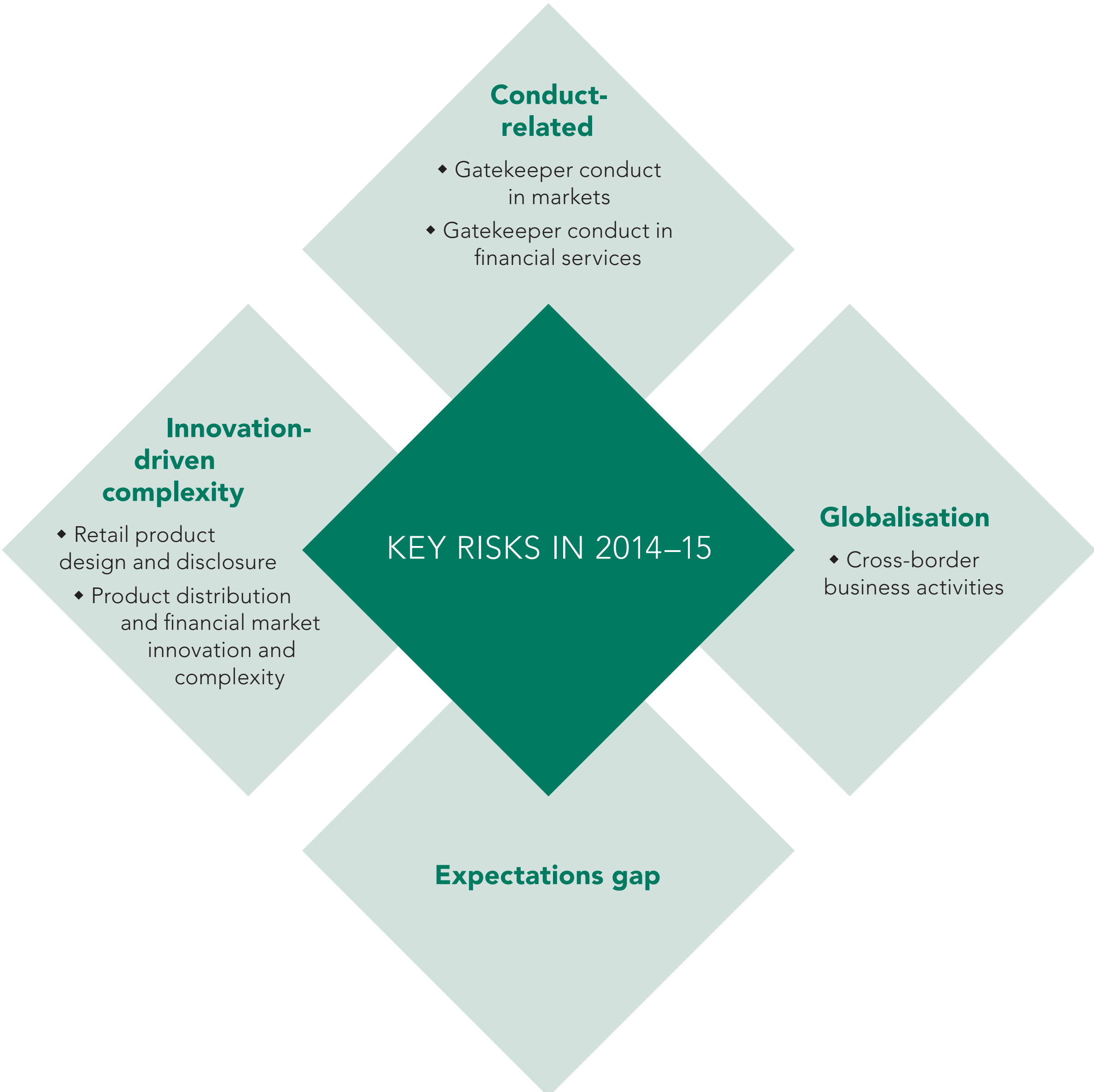
We have identified key risks that fall into the areas of conduct, innovation-driven complexity, globalisation and expectations gap.

We have planned how we will use our resources and powers to respond to these risks in 2014–15. This Strategic Outlook provides examples of our areas of focus based on our 'detect, understand and respond' approach.

We will undertake proactive risk-based surveillance of high risk areas that will have the greatest impact on investors and financial consumers, and the sectors and participants we regulate. In particular, we will concentrate on financial advisers and responsible entities operating managed investment schemes.

We will also continue to undertake reactive surveillance to detect possible wrongdoing. Where there are issues, we will take timely and appropriate action without fear or favour.

At the same time, there are some drivers of risks that we cannot influence, and risks that we cannot address within current regulatory settings. More positively, some of the risks we have identified may not crystallise.



Conduct

Gatekeeper conduct in markets

Poor conduct of some gatekeepers, companies, principals and intermediaries can jeopardise market integrity and investor outcomes

Companies, principals (that is, those acting on their own behalf), intermediaries and gatekeepers (such as company directors, market participants, auditors, liquidators and custodians) play a critical role in ensuring that:

- the overall health of the financial system is sound, and
- investors have trust and confidence in our markets.

Listed entities must remain vigilant about appropriate disclosure of market-sensitive information during analyst and investor briefings.

Conflicts of interest can disadvantage investors, particularly where they do not understand the potential effect of a conflict. Conflicts of interest can arise from remuneration structures and related party transactions. Where they are not managed adequately, significant investor losses can arise.

EXAMPLES OF 2014–15 AREAS OF FOCUS

Detect

- **Surveillance:** Conduct proactive risk-based surveillance with the purpose of identifying problems early, and targeting:
  - *Liquidators and pre-insolvency advisers:* identify business models of unregistered operators who provide pre-appointment insolvency advice, especially those aimed at facilitating illegal phoenix activity
  - *Financial reporting and audit:* continue our risk-based financial reporting and audit inspection programs and surveillances, with a particular focus on reviews of larger firms and firms that audit public interest entities
- **Surveillance:** Continue to focus on insider trading, market manipulation, continuous disclosure breaches and poor governance practices and systems – for example, relating to the handling of confidential information and manipulation of financial benchmarks

Respond

- **Enforcement:** Take enforcement action, accept enforceable undertakings and issue infringement notices, where appropriate, when we identify wrongdoing in areas like:
  - manipulation of financial benchmarks, examining existing and potential wrongdoing in the bank bill swap reference rate and foreign exchange markets
  - compliance with auditor and liquidator standards
- **Communication:** Increase transparency – for example, to improve financial reports, issue regular media releases with results of our financial report surveillance and key areas of focus for the next reporting period
- **Guidance:** Provide material on compliance programs that inform companies, directors and small business owners of their obligations – for example, to lodge financial reports
- **Guidance:** Raise the standards of companies, principals, market intermediaries and gatekeepers in the financial system through ongoing work on confidential information and trust accounts

Gatekeeper conduct in financial services

Weak compliance systems, poor cultures, unsustainable business models and conflicted distribution may result in poor advice, mis-selling and investor loss, especially in managed investments

The quality of financial advice can be affected by an adviser's conflicts of interest or lack of competence. This can lead to some investors and financial consumers being encouraged or advised to make financial decisions that are not in their best interests.

When licensees have weak compliance systems or poor cultures, there may be loss of assets, inadequate compensation arrangements or unlawful benefits given to related third parties.

We remain concerned about the culture of financial services businesses, and the incentive structures they use. A financial services business should have policies, processes and procedures in place to comply with their legal obligations. The welfare of their customers should be at the heart of their business. Controls must be implemented, followed and reviewed for effectiveness. Inadequate compliance culture in a financial services business will inevitably have a negative effect on investors and financial consumers.

Structural change in the financial system through increasing assets held in superannuation (including self-managed superannuation funds) and globalisation is magnifying this risk. Larger amounts of retirement savings are at risk and investors and financial consumers have more products to choose from. Investors and financial consumers need access to good-quality tailored advice that is not conflicted. Where financial advisers and licensees fail to deliver this, there is potential for significant investor losses.

EXAMPLES OF 2014–15 AREAS OF FOCUS

Detect

- **Surveillance:** Conduct proactive risk-based surveillance, concentrating on compliance in large financial institutions, and advice and dealing activities in:
  - *Financial advice firms:* target the six largest financial advice institutions to test how they comply with high-risk areas of the law
  - *Responsible entities operating managed investment schemes*: continue to identify 'red flags' and focus on high-risk entities
- **Breach reporting:** Continue to identify inappropriate conduct by assessing all breach reports and reports of misconduct we receive and deciding whether we need to act further. We expect licensees to provide breach reports promptly so that we can identify and rectify problems with individual entities quickly and effectively where necessary
- **Data gathering:** Gather data on hedge funds through the global hedge fund survey to identify risks relating to gatekeeper conduct in this sector

Respond

- **Enforcement:** Take enforcement action, accept enforceable undertakings and issue infringement notices, where appropriate, when we identify wrongdoing
- **Guidance:** Provide guidance on how we will administer the law to help the sectors and participants we regulate comply with their legal obligations in areas like:
  - the hardship process under the responsible lending obligations, and how it should apply to co-borrowers and guarantors
  - the disclosure and transparency requirements under the Stronger Super reforms

Innovation-driven complexity

Retail product design and disclosure

Poor retail product design and disclosure and misleading marketing may disadvantage consumers, particularly at retirement

The design of retail products and what is disclosed about them affects investor and financial consumer decision making, behaviour and outcomes.

Complex product design can increase the likelihood that retail investors and financial consumers may not understand the risks associated with products.

Timely and frank disclosure of relevant information by product manufacturers, issuers and distributors will help empower investors and financial consumers to make good decisions. However, we recognise that financial decision making requires more than disclosure. The effectiveness of disclosure can be undermined when investors and financial consumers:

- do not have the knowledge, confidence or skills to engage effectively in the financial system
- do not have everything they need to assess what this information means for them, and
- interpret this information in a way that may be influenced by other considerations, including their behavioural biases, the way the information is presented, its perceived complexity, and the opinions of trusted family members and friends.

When advertising or marketing material does not accurately describe a product, its key features and risks, the impact of fees and costs, or the nature and scope of services, it can be misleading. It can also create unrealistic expectations that may lead to poor financial decisions, result in inappropriate products being sold to investors and financial consumers, and undermine genuine competition. This behaviour erodes investor and financial consumer trust and confidence in the financial system.

EXAMPLES OF 2014–15 AREAS OF FOCUS

Detect

- **Surveillance:** Continue to identify where inappropriate products are being sold to investors and financial consumers. We will target:
  - add-on insurance, payday loans and leases for household goods, which can be inappropriately marketed or sold to consumers, particularly those who are most vulnerable
  - advice about self-managed superannuation funds, with a particular emphasis on unlicensed advisers and misleading advertising
- **Data gathering:** Draw on insights from behavioural economics, and collect data on how investors and financial consumers make choices to determine how we might address behavioural biases
- **Data gathering:** Consumer test the effectiveness of the product dashboard requirements under the Stronger Super reforms as a communications tool

Respond

- **Enforcement:** Take enforcement action, accept enforceable undertakings and issue infringement notices, where appropriate, when we identify wrongdoing to ensure:
  - advertising and marketing materials are not misleading investors and financial consumers
  - compliance with the responsible lending obligations and the small amount credit contract provisions for payday loans
- **Education:** Lead and coordinate the National Financial Literacy Strategy 2014–17 and:
  - continue to promote and support financial literacy in the formal education sector, including supporting professional teacher development
  - provide Australians with access to free and impartial information, tools and resources through ASIC's MoneySmart financial literacy program, including new digital tools
- **Guidance:** Continue to work with issuers and product developers to ensure that disclosure to investors and financial consumers is high quality, adequate and relevant

Product distribution and financial market innovation and complexity

Innovation and complexity in product distribution and financial markets through new technology can deliver mixed outcomes for retail investors, financial consumers and issuers

Retail product distribution

Developments in technology, including in networking, enable greater cross-distribution of financial products. In the managed funds sector, both superannuation and non-superannuation products are often offered from the same underlying investment and administration infrastructure.

In recent years, the use of electronic payment products and the range of payment channels has grown significantly. Electronic payments are becoming faster and more convenient because of the expansion in products like online payment facilities and contactless card payment. Mobile technology advances such as 'virtual wallets' will continue to evolve and make financial transactions more convenient.

Digital currencies (e.g. bitcoins) will test regulatory boundaries as their popularity grows. Similarly, crowdfunding is changing the way consumers can invest and will pose new challenges.

Financial markets

The exponential growth in innovation and technological developments in financial markets has delivered substantial productivity improvements in markets, both in Australia and globally – for example, by enhancing the capacity, accuracy and speed of order transmissions and executions, and stimulating competition, which has put downward pressure on trading fees.

However, digital disruption strategies have also created many significant challenges for market operators, market participants and investors, including:

- potentially larger, more widespread trading disruptions because of trading system failures
- an increase in market fragmentation through a growing number of trading venues like dark liquidity, and
- considerable growth in cybercrime, amplified in some cases by the speed of trading systems.

EXAMPLES OF 2014–15 AREAS OF FOCUS

Detect

- **Surveillance:** Continue to develop tools and technology to detect improper conduct in a cost-efficient manner, including implementing more of our Flexible Advanced Surveillance Technologies program
- **Data gathering:** Monitor technology innovation and product developments to increase our understanding of how our stakeholders are adopting new technologies and mitigating risks resulting from innovation and complexity, with an emphasis on:
  - how our stakeholders are using new products and technologies – for example, lenders using computer modelling to assist with complying with their responsible lending obligations and insurers using technology to measure risk for insurance pricing
  - emerging promotional methods, delivery channels and business models, like Facebook or Twitter for comparison websites
  - the use of high-frequency trading and dark liquidity and their impact on the fairness of markets

Respond

- **Enforcement:** Take enforcement action, where appropriate, when technological innovation and product developments affect investors and financial consumers negatively – for example, target the retail foreign exchange market where new technology is used to attract investors and financial consumers through misleading statements
- **Education:** Continue to educate investors and financial consumers about new technological innovation and product developments – for example, highlight the benefits and risks associated with comparison websites
- **Guidance:** Set compliance standards and provide guidance to industry on technological developments to help ensure that financial markets deliver the intended benefits to Australian investors and capital issuers
- **Guidance:** Review policy settings for electronic disclosure to better facilitate its delivery and remove any unnecessary regulatory burden

Globalisation

Cross-border business activities

Globalisation and cross-border businesses, services and transactions may lead to compromised market outcomes

Encouraging further cross-border activity and integration of international markets could deliver significant economic benefits to Australian markets, providers, investors and financial consumers. For example, recognition of Australia's regulatory regime for over-the-counter derivatives by US and EU authorities will enable Australian businesses to avoid substantial compliance costs and compete more effectively.

At the same time, increased globalisation and cross-border activity may pose challenges to markets, market participants and investors. These include:

- the need to keep pace with relevant international regulatory standards to promote capital flows into Australia and ensure access for our market participants to international markets
- the possibility that the direct listing of the same or equivalent over-the-counter derivative contracts by overseas licensees could give rise to inconsistent or lower standards, and
- the risk to Australian investors from emerging market issuers – entities listed in Australia that have substantial assets or management offshore in emerging markets – particularly where these entities have poor corporate governance and management systems.

EXAMPLES OF 2014–15 AREAS OF FOCUS

Detect

- **Surveillance:** Review a significant proportion of key corporate transaction documents, like prospectuses, and prioritise those from emerging market issuers
- **Data gathering:** Participate in the exchange of intelligence with other financial services and markets regulators in areas like over-the-counter derivatives reform, including the domestic implementation of new reporting and clearing rules for over-the-counter derivatives

Respond

- **Enforcement:** In appropriate cases, take enforcement action or negotiate outcomes where we have identified wrongdoing in connection with the setting of certain financial benchmarks
- **Guidance:** Set standards and provide industry guidance on changes to operating rules and procedures and market integrity rules to ensure they work effectively and efficiently

Expectations gap

Different expectations and uncertainty about outcomes in the regulatory settings can undermine confidence and behaviour

Mismatched expectations about the outcomes we achieve within the regulatory settings established by Parliament can affect consumer and business confidence and behaviour.

This risk is magnified by uncertainty about whether the regulatory settings will be effective in more difficult economic conditions. Investors and financial consumers may also underestimate the risk they can handle when things get tougher.

We use our resources and powers to ensure that the financial system is robust and operates in the long-term best interests of Australian consumers. However, we cannot eliminate market risk, prevent all wrongdoing or ensure compensation for investors who lose money.

There can be an expectations gap where our role or powers to address wrongdoing are limited, such as when an appropriate remedy is not available to us.

EXAMPLES OF 2014–15 AREAS OF FOCUS

Detect

- **Data gathering:** Explore insights from behavioural economics and conduct consumer testing to improve understanding of how investors and financial consumers perceive risk and make choices

Respond

- **Communication:** Continue to promote our strategic framework, key risks and regulatory responses, and be transparent about our approach and achievements – for example, communicate our enforcement outcomes through six-monthly enforcement reports
- **Education:** Continue to provide education and guidance to investors and financial consumers to build their knowledge, confidence and skills to participate in the financial system – for example, lead and coordinate key priorities of the National Financial Literacy Strategy 2014–17

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