



**ASIC**

Australian Securities & Investments Commission

# **ASIC stakeholder survey 2013**

September 2013

- 1. Response to the ASIC stakeholder survey 2013**
- 2. Susan Bell Research ASIC stakeholder survey 2013**

**ASIC**

Australian Securities &amp; Investments Commission

**GREG MEDCRAFT**

Chairman

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11 September 2013

## Response to the ASIC stakeholder survey 2013

The Australian Securities and Investments Commission (ASIC) commissioned Susan Bell Research to conduct an independent survey of our stakeholders. The survey measured stakeholders' perceptions of:

- the environment in which we operate, and
- our performance.

The survey findings are an important input into our performance measurement and future planning.

The survey was structured to provide feedback on our stakeholders' perceptions on each of ASIC's three strategic priorities:

- confident and informed investors and financial consumers
- fair and efficient financial markets, and
- efficient registration and licensing.

This document focuses primarily on the findings about ASIC's performance. It sets out the perceived strengths and limitations the survey identified, and the preliminary steps we will take to respond to these limitations.

### ASIC – perceived strengths

Encouragingly, the survey found that overall stakeholders were positive about ASIC's performance and most considered we are performing better, or the same as, two years ago. Particular strengths were:

- ASIC's market supervision
- ASIC's work keeping markets free from insider trading, and ensuring companies provide reliable and timely information to the market
- ASIC's work holding the organisations that are involved in providing financial products and services to account
- ASIC's role in holding auditors to account
- ASIC's work holding market operators to account
- ASIC acts professionally, promotes confidence in Australia's financial system, and understands the industries and markets it regulates
- ASIC was easy to deal with
- the transparency of ASIC's enforcement action
- ASIC's effective monitoring of compliance in industry
- ASIC providing guidance to industry to help organisations to comply with the law, and
- registration and licensing was easy, efficient, timely and cost-effective and the information was easy to understand.

### **ASIC – perceived limitations**

The survey also identified areas where stakeholders perceived limitations with our work. These findings are an opportunity to either communicate better to correct misperceptions, or improve the way we do things.

The four limitations identified were not:

- acting quickly to investigate breaches of the law
- clearly communicating what ASIC is doing
- reducing the red tape associated with compliance, and
- being sufficiently resourced to do our job.

#### **Acting quickly to investigate breaches of the law**

ASIC is committed to an efficient and transparent enforcement approach. For example, we have made significant changes to increase understanding of how we use our enforcement powers.

Our increased transparency extends to processes for decision-making on regulatory action and what regulatory actions we take. For example:

- In 2012, we published a public enforcement policy on ASIC's approach to enforcement, which sets out our decision-making framework for enforcement.
- We publish twice-yearly enforcement reports that give an overview of ASIC's enforcement outcomes and achievements in the previous six months.

- We recently published *Cooperating with ASIC*, which explains the benefits of cooperating with investigations, and the factors we take into account when assessing cooperation. A cooperative approach can contribute to quicker resolution of the action taken for the misconduct, time and cost savings for us, and better outcomes for affected consumers.

While stakeholders identified as a strength ASIC's work holding gatekeepers to account, some saw the speed of our investigations as a limitation.

To address this feedback we will:

- 1 communicate more about the legal procedures involved in investigations, the increasing complexity of some matters and the time investigations take
- 2 continue to narrow the focus of our case early in the investigation
- 3 continue to raise with Government law reform concerning our investigation powers and more flexible enforcement tools, and
- 4 analyse recently completed matters to work out if our investigations took too long. This will involve benchmarking enforcement work against comparable agencies.

### **Clearly communicating what ASIC is doing**

A significant challenge for a regulator like ASIC, with a range of stakeholders and responsibilities, is communicating effectively about what we are doing.

We use a number of tools, such as media releases (over 300 per year), broadcast interviews (over 100 per year), Twitter (nearly 10,000 followers), YouTube videos (over 200) the ASIC website (over 1.5 million visitors each month) and ASIC's MoneySmart website (over 400,000 visitors each month) to get our messages out. We also respond to nearly 4,000 media queries each year.

We tailor our communications depending on the message and the intended audience. We are committed to improving transparency and increasing the public's understanding of how we operate. For example:

- In September 2012, we published our first annual surveillance snapshot, giving a view of our proactive surveillance of gatekeepers in different sectors through both onsite visits and desk-based reviews.
- As noted above, in 2012 we started publishing twice-yearly enforcement reports that provide an overview of our enforcement outcomes.

The survey findings indicate we are performing well in our financial literacy work, but that we could do more to communicate what we do, and why we do it. In response we will:

- 1 undertake a structured program of communication with external stakeholders about ASIC's financial literacy work. This includes:
  - continuing to promote our MoneySmart website and MoneySmart Teaching program
  - continuing to build the link between the ASIC and MoneySmart brands, and

- consulting and communicating across all our sectors – government, financial services, education and the community – through our review of the National Financial Literacy Strategy. In doing this, we will build on an already strong base of financial literacy stakeholders
- 2 continue to promote the MoneySmart website to investors and consumers, and key industry and consumer groups. We will shortly release an annual report on ASIC’s financial literacy work
- 3 build our social media presence and use new communication channels for defined audiences, and
- 4 review the ASIC website to further improve accessibility and provide stakeholders with more information and useful tools.

### **Reducing the red tape associated with compliance**

We are aware of the regulatory burden on business and have introduced measures to make things easier where we can. Initiatives include:

- ASIC’s national Business Names Register, which started in May 2012. A business can now register a name online and does not need to register separately in each state or territory. Businesses saved \$34 million in fees in the first 12 months of the register
- a booklet to help small businesses comply with their legal obligations, which was released in August. The booklet is the first of a series of resources to make compliance easier for small business
- facilitating business by granting relief from legal requirements where appropriate. In 2012–13 we granted relief in response to 1,585 applications, and
- giving industry certainty to gain efficiencies from technology. For example, we have published guidance on delivering online financial services disclosures and on electronic prospectuses.

We are committed to cutting red tape and there are more improvements in the pipeline. For example, we will:

- 1 consider whether our class orders (and the conditions attached to them) are still necessary, as they sunset in the next four years under the Legislative Instruments Act
- 2 undertake a project to harmonise the market integrity rulebooks for different financial markets, and
- 3 continue to help business by easing compliance with regulatory requirements, or advising Government to scrap regulation with no clear purpose. For example, we are considering whether disclosure is the best way to address certain market failures and whether new information channels are more effective.

**Being sufficiently resourced to do our job**

Our funding is a matter for the Government.

We will continue to be transparent about how we use our resources – for example, by publishing our annual surveillance snapshot.

A full report of the ASIC stakeholder survey 2013 follows.

A handwritten signature in black ink, appearing to read 'G. Medcraft', written in a cursive style.

**Greg Medcraft**  
Chairman

# ASIC Stakeholder survey 2013

Report to the Australian Securities and Investments  
Commission

September 2013

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# Susan Bell Research

Susan Bell Research is a market and social research agency, based in Sydney. We are Australian-owned and managed, AS/NZS ISO 20252 *Market and social research* certified and a member of the Association of Market and Social Research Organisations (AMSRO). Our research teams are members of the Australian Market and Social Research Society (AMSRS) and therefore bound by the AMSRS Code of Professional Behaviour. Susan Bell is a Fellow of the AMSRS.



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# Executive Summary

## ASIC Stakeholder survey 2013

The Australian Securities and Investments Commission (ASIC) commissioned Susan Bell Research to design and conduct an impartial and independent survey with ASIC's stakeholders. The survey was required to be a robust and thorough measurement of stakeholders' perceptions of:

- the environment in which ASIC operates, and
- ASIC's performance.

The survey findings will be an important input into ASIC's performance measurement and future strategic and business planning.

The survey was designed to provide feedback to ASIC on stakeholders' perceptions on each of its three strategic priorities:

1. Confident and informed investors and financial consumers,
2. Fair and efficient financial markets, and
3. Efficient registration and licensing.

ASIC's stakeholder base is large and diverse. In its simplest form, this stakeholder base can be divided into three segments:

1. The regulated population. This segment includes companies, entities and individuals in the financial services industry, and market operators that ASIC oversees in its role as Australia's corporate, markets and financial services regulator.
2. Investors and financial consumers. This segment is the target of ASIC's work promoting confident and informed participation by investors and consumers in the financial system.
3. 'Other stakeholders'. This segment includes stakeholders with whom ASIC consults and collaborates in the course of its work - for example, government agencies, the media, and financial literacy specialists.

The survey was conducted in three stages between February and June 2013. The primary quantitative stage (a questionnaire) yielded a total sample of 1468 stakeholders, including representation from the three segments outlined above. This was supported by two qualitative stages involving interviews and focus groups with over 40 stakeholders from each of these three segments. The survey methodology is set out in the Appendix.

# Key findings

## Overall perceptions of ASIC's performance

This survey measured stakeholders' perceptions of ASIC's performance on a scale that ranged from 'excellent' to 'very poor'. Stakeholders were able to rate ASIC's performance positively ('excellent' or 'good'), negatively ('poor' or 'very poor'), 'fair', or choose 'don't know'.

When stakeholders rated ASIC overall in its role as the corporate, markets and financial services regulator, more of ASIC's stakeholders gave a clearly positive ('excellent' or 'good') rating than a clearly negative ('poor' or 'very poor') rating although a high proportion also rated ASIC's performance as 'fair'. These results are shown below.

**Figure 1: Summary table: perceptions of ASIC's performance**

Summary table: perceptions of ASIC's performance						
Question:	Excellent	Good	Fair	Poor	Very poor	Don't Know
	%	%	%	%	%	%
Taking everything into account, overall, how would you rate the current <b>performance of ASIC</b> in its role as the corporate, markets and financial services regulator?	3	34	37	11	4	11
Base=all stakeholders aware of ASIC						

Most stakeholders also thought that ASIC was performing at the same level as, or better than, two years ago, as shown below.

**Figure 2: Summary table perceptions of how ASIC's performance compares with two years ago**

Summary table: perceptions of how ASIC's performance compares with two years ago						
Question:	Much better than two years ago	Slightly better than two years ago	About the same as two years ago	Slightly worse than two years ago	Much worse than two years ago	Don't Know
	%	%	%	%	%	%
Overall, how do you think ASIC's current performance <b>compares with two years ago</b> ?	6	22	41	8	3	20
Base: all those aware of ASIC						

The next table shows stakeholders' perceptions of ASIC's performance on its three strategic priorities. In each case, more stakeholders chose to describe ASIC positively ('excellent' or 'good'), rather than negatively ('poor' or 'very poor'). The most common response to describe ASIC's performance was 'fair'.

**Figure 3: Summary table: perceptions of ASIC's performance on each strategic priority<sup>1</sup>**

Summary table: perceptions of ASIC's performance						
Based on what you know of ASIC's activities, overall how would you rate <b>ASIC's performance</b> on meeting the following objectives:	Excellent	Good	Fair	Poor	Very poor	Don't Know
	%	%	%	%	%	%
<b>1. Investors and financial consumers in Australia should be confident and informed.</b> • Base=all stakeholders aware of ASIC	3	29	44	13	3	8
<b>2. Australian financial markets should be fair and efficient.</b> • Base=all stakeholders aware of ASIC, excluding consumers with no investments outside superannuation unless that was a self-managed superannuation fund (SMSF)	5	40	36	9	2	8
<b>3. Efficient registration and licensing of companies.*</b> <b>Efficient registration and licensing for the financial services industry.*</b> • Base=regulated population and small business only	8	40	29	8	2	13
	4	32	35	10	3	16

\*For measurement purposes this Priority was split into two questions.

<sup>1</sup> When reading this table please note the difference in 'base', i.e. those who were asked the question. The question on informed and confident investors and consumers was asked of a wide base of stakeholders, including stakeholders who were less familiar with ASIC, who were excluded from some of the other questions. The best way to read the table is to compare the proportion giving positive ratings with the proportion giving a negative rating, for that question. On balance this was positive in every case.

# The environment in which ASIC operates

The survey set out to measure stakeholders' perceptions of the environment in which ASIC operates, to assess the extent of the impact that ASIC has had or needs to have. To do this stakeholders were asked to agree or disagree with different statements about this environment.

The table below lists the strengths of this environment as far as stakeholders were concerned.

**Figure 4: The perceived strengths of the environment in which ASIC operates:<sup>2</sup>**

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Stakeholders gave the most positive ratings on these attributes:

The orderliness and transparency of the market
The financial markets provide a level playing field for investors
Companies operate with integrity
The provision of reliable and timely information to the market
The provision of financial reports that can be relied on
Confidence can be placed on the opinions of independent auditors of Australian company financial reports
The integrity of organisations involved in providing financial products and services, such as banks, finance companies, superannuation providers, insurance companies and other credit licensees
The international competitiveness of Australian capital markets. Capital markets were defined as financial markets for the issue, buying, and selling of equity, long-term debt and related securities.
The public's access to financial advice that meets their needs and the public's increased awareness of the risks associated with investing

The table below lists the perceived limitations of the environment in which ASIC operates.

**Figure 5: The perceived limitations of the environment in which ASIC operates<sup>3</sup>**

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Stakeholders gave the least positive ratings in these attributes:

Investors' understanding of the risks associated with complex products
The integrity of financial advisers
The financial services industry's management of conflicts of interest

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<sup>2</sup> To be regarded as a 'strength', each item had to have a positive Net score of +20 or more; and a 'fair' rating of less than 35; or a positive score which was significantly higher than the fair or poor/very poor score. A 'Net score' is the difference between the top two positive ratings and the bottom two negative ratings on the scale.

<sup>3</sup> To be regarded as a 'limitation' each item had to have a net score of zero or below; and a 'fair' rating of less than 35.

## ASIC's perceived strengths and limitations

Turning now to stakeholders' perceptions of ASIC's work, a similar analysis has been conducted.

**Figure 6: The perceived strengths of ASIC's work<sup>4</sup>**

Stakeholders gave the most positive ratings on these attributes:

ASIC's market supervision
ASIC's work keeping markets free from insider trading, and ensuring that companies provide reliable and timely information to the market
ASIC's work holding the organisations that are involved in providing financial products and services to account
ASIC's role in holding auditors to account
ASIC's work holding market operators to account
ASIC acts professionally, promotes confidence in Australia's financial system, and understands the industries and markets it regulates
ASIC was easy to deal with
The transparency of ASIC's enforcement action
ASIC's effective monitoring of compliance in industry
ASIC providing guidance to your industry to help organisations to comply with the law
Registration and licensing were easy, efficient, timely and cost-effective and the information was easy to understand

The table below summarises stakeholders' perceptions of ASIC's limitations.

**Figure 7: The perceived limitations of ASIC's work<sup>5</sup>**

Stakeholders gave the least positive ratings on these attributes:

Acting quickly to investigate breaches of the law
Reducing the red tape associated with compliance
Being sufficiently resourced to do its job
Clearly communicating what it is doing

<sup>4</sup> To be regarded as a 'strength' each item had to have a positive net score of +20 or more; and a 'fair' rating of less than 35; or the positive score was greater than the fair or poor/very poor score. A 'Net score' is the difference between the top two positive ratings and the bottom two negative ratings on the scale.

<sup>5</sup> To be regarded as a 'limitation' each item had to have a net score of zero or less; and a 'fair' rating of less than 35.

## Stakeholders' expectations of ASIC

Stakeholders' perceptions will always be affected by their expectations. In order to understand stakeholder expectations of ASIC, stakeholders were asked to choose from a list of six 'activities' that ASIC should focus on. Over half of all stakeholders ranked 'protecting investors and financial consumers by holding gatekeepers to account' in their top three priorities for ASIC. The second highest ranked activity was 'setting rules, standards and expectations for the market', while the third was 'penalising unlawful conduct'.

The report also describes the different expectations of each of the stakeholder segments, and their different levels of knowledge of ASIC's activities.



# About this research

This section provides background information on the purpose and structure of the report including: ASIC's role and responsibilities, ASIC's stakeholders, the research objectives, how the survey was conducted, and how to read the charts in the report.

## The purpose of this survey

### About ASIC

The *Australian Securities and Investments Commission Act 2001* requires ASIC to:

- maintain, facilitate and improve the performance of the financial system and entities in it
- promote confident and informed participation by investors and consumers in the financial system
- administer the law effectively and with minimal procedural requirements
- enforce and give effect to the law
- receive, process and store, efficiently and quickly, information that is given to ASIC, and
- make information about companies and other bodies available to the public as soon as practicable.<sup>6</sup>

As stated in ASIC's annual report for 2011-12, one of ASIC's key challenges is to allocate the resources that best fulfil the organisation's mandate.<sup>7</sup> In doing so, ASIC considers the legislative environment, government policy, systemic and regulatory risk and stakeholder expectations.

### ASIC's strategic priorities

ASIC's work is designed to meet the Strategic Framework which was developed in 2011. The strategic framework document outlined three strategic priorities for ASIC. These priorities are:

1. Confident and informed investors and financial consumers,
2. Fair and efficient financial markets, and
3. Efficient registration and licensing.

### ASIC's stakeholders

ASIC's stakeholder base is large and diverse. In its simplest terms, this stakeholder base can be divided into three segments:

1. The regulated population.
2. Investors and financial consumers.
3. 'Other stakeholders'.

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<sup>6</sup> <http://www.asic.gov.au/asic/asic.nsf/byheadline/Our+role?openDocument>

<sup>7</sup> <http://www.asic.gov.au/asic/asic.nsf/byheadline/AR2011-12?openDocument>

However this three-way segmentation disguises some complexity.

- The regulated population is itself highly diverse. It includes publicly listed companies, organisations which provide financial products and services, and a wide range of different 'gatekeepers' – financial advisers, market participants and insolvency practitioners, to name just three.
- The investors and consumers segment is also diverse. It includes members of the general public who invest in shares and other listed investments, or who own financial products and use financial services; self-managed superannuation fund (SMSF) owners; and small businesses. Small businesses interact with ASIC in different ways. They interact with ASIC as users of ASIC's registration and licensing responsibilities, and also in their personal capacity as investors and consumers.
- The 'other stakeholder' segment includes other people with whom ASIC consults and collaborates in the course of its work, for example, government agencies, the media, and financial literacy specialists.

Please refer to the Appendix for more information about each of these segments.

## Research objectives

In overall terms, the survey was designed to assess ASIC on each of its strategic priorities among its three stakeholder segments.

The specific outcomes that the survey was required to meet were to measure stakeholder awareness of ASIC and its role, and perceptions on:

1. the environment in which ASIC operates
2. ASIC's performance against its strategic priorities
3. ASIC's use of its 'regulatory toolkit' in achieving its priorities
4. activities ASIC should focus on in the future.

This is the third time since 2008 that ASIC has conducted a stakeholder engagement survey. The first two were conducted in 2008<sup>8</sup> and 2010.<sup>9</sup> While the previous surveys were useful reference points, the survey was significantly redesigned this year to align with ASIC's new strategic framework. The 2013 survey was also conducted among a structured sample which was different from the sample in the earlier surveys. Comparisons with previous years' data are generally discouraged for both of these reasons.

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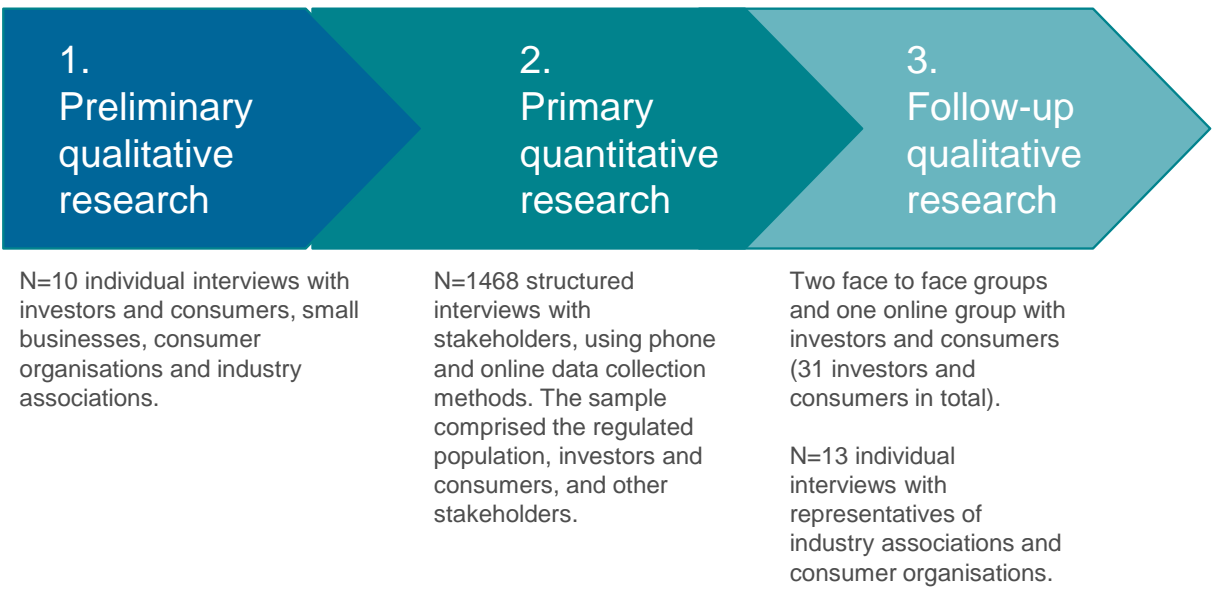
<sup>8</sup> [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/Stakeholder\\_survey\\_2008.pdf/\\$file/Stakeholder\\_survey\\_2008.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/Stakeholder_survey_2008.pdf/$file/Stakeholder_survey_2008.pdf)

<sup>9</sup> [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/asic-stakeholder-survey-2010.pdf/\\$file/asic-stakeholder-survey-2010.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/asic-stakeholder-survey-2010.pdf/$file/asic-stakeholder-survey-2010.pdf)

# How the survey was conducted

The survey was conducted in three stages, as shown in the diagram below:

**Figure 8: Overview of the research process**



1. The first stage was exploratory qualitative research, which was conducted to help ensure that the questionnaire used in the survey was written in a language relevant to ASIC’s diverse stakeholder base. This stage was conducted in February 2013.
2. The main quantitative stage (using a structured questionnaire) was conducted among a representative sample of ASIC’s stakeholders online and by phone. This stage was conducted in March and April 2013.
3. The third stage was follow-up qualitative research, which was used to understand in more depth stakeholders’ perceptions and expectations on key findings from the quantitative assessment. This stage was conducted in May and June 2013.

Each stage of research was conducted with members of the three stakeholder segments. Other methodological details are described in detail in the Appendix.

# The structure of the report

The detailed findings section of the report has the following structure:

**Figure 9: Structure of the Detailed Findings section**

The structure of the Detailed Findings section of the report	
1.	Stakeholders' overall perceptions of ASIC's performance
2.	Confident and informed investors and consumers: the environment in which ASIC operates
3.	Confident and informed investors and consumers: stakeholders' perceptions of ASIC
4.	Fair and efficient markets: the environment in which ASIC operates
5.	Fair and efficient markets: stakeholders' perceptions of ASIC
6.	Stakeholders' perceptions of ASIC's work on effective licensing and registration
7.	Stakeholders' perceptions of ASIC, and expectations about ASIC's activities

Each section of the report starts by describing the quantitative survey results for ASIC's overall stakeholder base and then details the level of agreement or disagreement among the three stakeholder segments. Each section ends with insights from the qualitative research, which help explain the quantitative findings.

## How to read the charts

Susan Bell Research used different scales in this study to measure stakeholders' views.

One of the most frequently used scales was an agree - disagree scale, which was used to measure whether stakeholders agreed or disagreed about the current status of the environment in which ASIC operates. A second scale frequently used to measure perceptions of ASIC's performance was an 'excellent' to 'very poor' scale. Both scales are shown below.

**Figure 10: The scales used in the survey**

5 Strongly agree	4	3	2	1 Strongly disagree	6 I don't really know enough to say
5 Excellent	4 Good	3 Fair	2 Poor	1 Very poor	6 I don't really know enough to say

All the bar charts in the report show the full distribution of responses to the question that was asked. There are two circles on each bar. The green one on the left is the sum of the 'top two' items on the scale. For example, when the 'agree – disagree' scale is used, the green circle is a sum of the percentage of stakeholders giving a rating of 5 for 'strongly agree' and a rating of 4. The orange circle on the right sums the proportion choosing one of the bottom two scale items: for example a rating of '1' for 'strongly disagree' or a rating of 2.

The Net figure to the far right of the bar is the difference between the two numbers in the circles. A positive Net figure (e.g. +15) indicates that more stakeholders chose one of the 'top two' scale items than chose one of the 'bottom two' items. A negative Net indicates the opposite. The higher the Net figure, the more stakeholders concurred on that issue; the closer the Net figure to zero the more polarised the opinion, although the proportion choosing the midpoint or 'don't know' option should also be taken into account when interpreting the data.

## Statistical significance testing

The confidence interval on the sample depends on the proportion of the sample and the sample size. As a guide, at the 95% confidence level, the confidence interval for the total sample of N=1468 for a result of 50% is plus or minus 3.6. This means that a result of 50% is significantly different from a result of 46%, but not significantly different from a result of 52%, for example. The confidence interval for the segments will of course be larger than that because the sample size is smaller. For the 'other stakeholder' segment for example, the interval is approximately 15, depending on the proportions.

# Detailed findings

## Section 1. Overall perceptions of ASIC

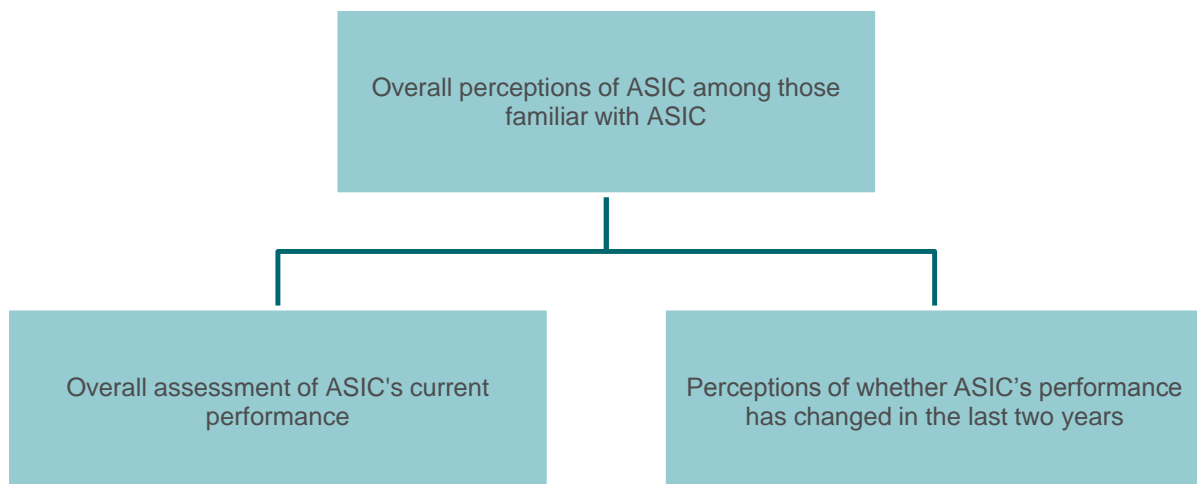
### Findings at a glance

When asked to rate ASIC's current performance as the corporate, markets and financial services regulator, about a third of all stakeholders rated ASIC's performance positively (as 'excellent' or 'good') while an equivalent proportion described ASIC's performance as 'fair'. Only a small proportion (15%) gave a negative rating (of 'poor' or 'very poor'), and the rest did not know.

Importantly, most considered ASIC to be performing as well as or better than two years ago.

The first section of the report is about stakeholders' assessment of ASIC. The structure of this section is shown in the diagram below.<sup>10</sup>

**Figure 11:** The structure of this section



<sup>10</sup> All questions about ASIC were only asked of stakeholders aware of ASIC. While virtually all of the regulated population and 'other stakeholders' were familiar with ASIC, only half of all investors and consumers were. The relevant charts which show this are in the Appendix on page 79.

# How well has ASIC performed?

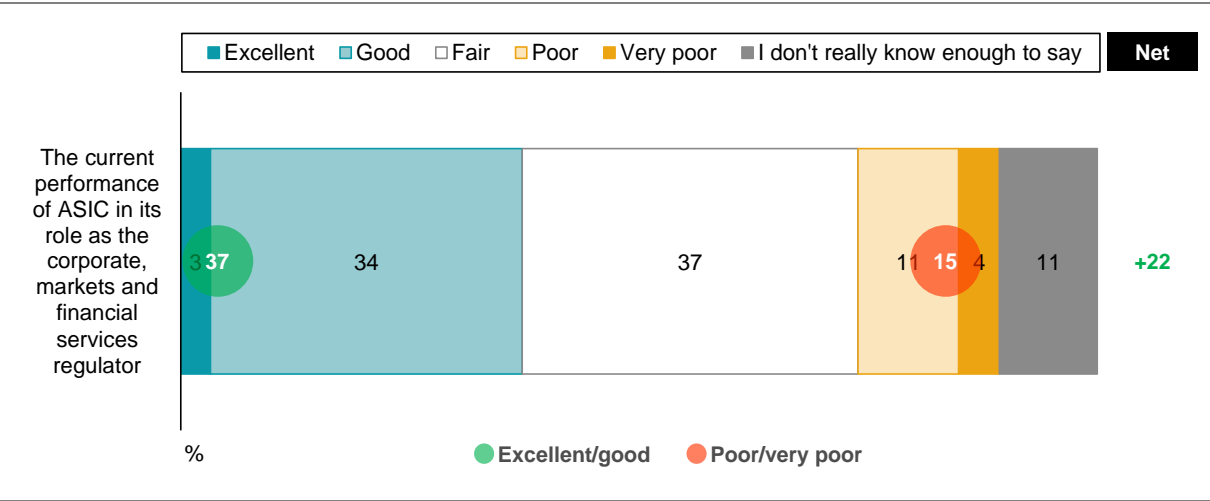
## Quantitative findings

### Most stakeholders described ASIC’s performance as ‘good’ or ‘fair’

The survey asked all stakeholders who were aware of ASIC how they rated the current performance of ASIC ‘as the corporate, markets and financial services regulator’. The scale used was a five-point scale ranging from ‘excellent’ to ‘very poor’, or respondents could choose a ‘don’t know’ option.

More stakeholders gave a positive rating of ‘excellent’ or ‘good’ than gave a negative rating of ‘poor’ or ‘very poor’. The Net figure of +22 on the right of the chart shows that positive opinions significantly outweighed negative opinions.<sup>11</sup>

**Figure 12: Overall assessment of ASIC**



*Q. Taking everything into account, overall, how would you rate the current performance of ASIC in its role as the corporate, markets and financial services regulator? Base: all those aware of ASIC. N=1329*

The above chart shows stakeholders varied in their opinions of ASIC:

- Over a third (37%) of all stakeholders aware of ASIC rated ASIC’s performance as ‘excellent’ (3%) or ‘good’ (34%).
- A similar proportion described ASIC's performance as ‘fair’ (37%).
- One in ten (11%) rated ASIC ‘poor’, one in twenty five (4%) ‘very poor’.

One in ten (11%) did not know enough to give an opinion.

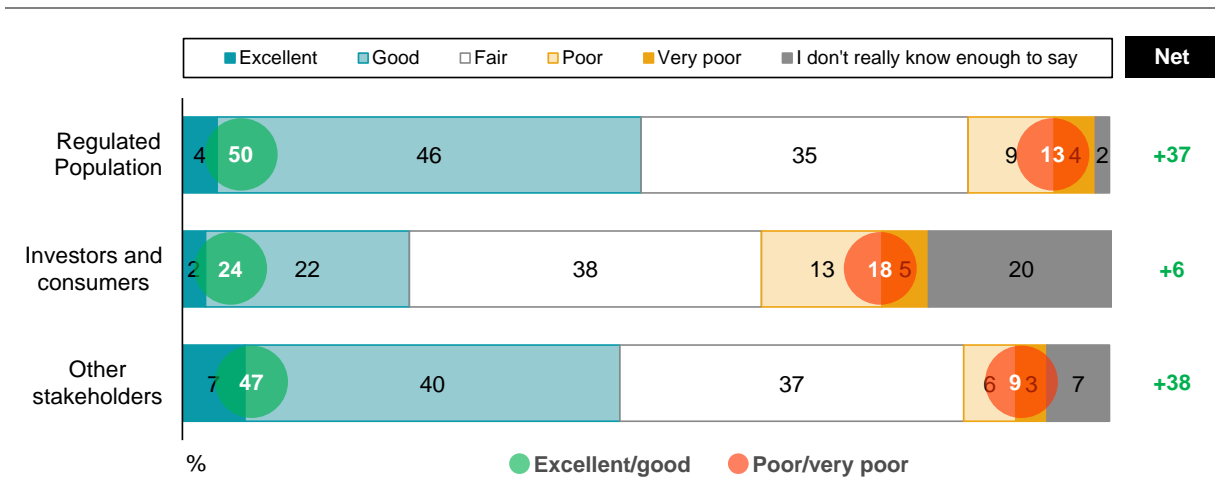
<sup>11</sup> The Net was calculated by subtracting the poor/very poor ratings from the ‘excellent’/‘good’ ratings.

## Quantitative findings by segment

### The regulated population and 'other stakeholders' were the most positive about ASIC's performance

The main body of this report concentrates on reporting the results for 'all stakeholders', which makes the following chart an exception. Here the report looks at the overall assessment of ASIC among the stakeholder segments because their responses were so different. It shows the overall assessment of ASIC according to the three main stakeholder segments.

**Figure 13: Overall assessment of ASIC by segment**



Q. Taking everything into account, overall, how would you rate the current performance of ASIC in its role as the corporate, markets and financial services regulator? Base: all those aware of ASIC. Regulated population N=590; investors and consumers N=650. 'other stakeholders' N=89

The chart clearly shows that the regulated population and 'other stakeholder' segments were more positive about ASIC than investors and consumers were. Indeed, half of these segments considered ASIC to be 'excellent' or 'good', which is double the proportion of investors and consumers giving such a rating.

The lower rating from investors and consumers came about partly, though not exclusively, because they were less familiar with most of ASIC's activities.



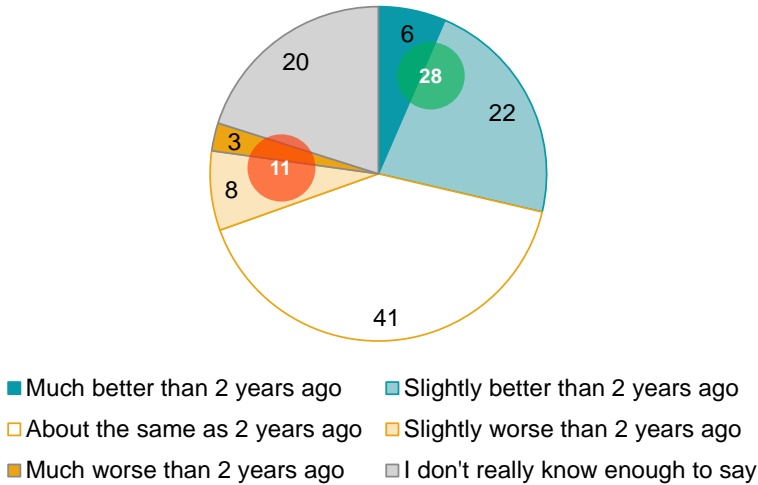
# Do stakeholders believe that ASIC’s performance has changed in the last two years?

## Quantitative findings

### Most stakeholders thought that ASIC was performing as well as or better than two years ago

Stakeholders who were aware of ASIC were asked how their current view of ASIC’s overall performance compared with their perception of ASIC two years ago. Again, different views were expressed, with the balance clearly towards the positive.

Figure 14: Comparison of current performance with two years ago



Q. Overall, how do you think ASIC’s current performance compares with two years ago? Base: all those aware of ASIC. N=1329

The above chart shows this diversity of views:

- Over a quarter (28%) considered ASIC to be better or much better than two years ago.
- Four in ten (41%) considered ASIC’s current performance to be about the same as two years ago.
- One in ten (11%) considered ASIC to be worse than two years ago.

## Quantitative findings by segment

### ‘Other stakeholders’ were the most likely to have seen improvement

The Appendix contains charts for each question among the three stakeholder segments. A summary of the key points appears at relevant points in the written report – as here.

The appended chart<sup>12</sup> shows that the ‘other stakeholder’ segment in particular had seen improvement in ASIC. Half (46%) claimed ASIC was much or slightly better than two years ago. The regulated population had also seen improvement (38%) though to a lesser extent.

<sup>12</sup> The chart showing these results by segment is on page 79.

A relatively high proportion (30%) of investors and consumers were unable to make a judgment on this. Of those who did, the most common perception was that ASIC was the same as two years ago.

## Qualitative insights

### **Stakeholders spontaneously cited MoneySmart and market supervision as improvements**

Qualitative research helps to reveal the factors that were driving perceptions of ASIC. The report includes summaries of the insights and key findings from the qualitative research in 'qualitative insights' sections like this one.

The three improvements cited spontaneously by members of the regulated population and consumer organisations were:

- ASIC's work on financial literacy, particularly the expansion of the MoneySmart website,
- ASIC's supervision of real-time trading on Australia's domestic licensed markets, and
- Industry associations also reported that ASIC had engaged with industry much more in recent years.

## Section 2. Confident and informed investors and consumers: the environment

### Findings at a glance

ASIC's first strategic priority is 'confident and informed' investors and financial consumers. Do stakeholders believe that the Australian public is confident and informed when participating in the financial system?

This is a complex question with no easy answer, for two reasons. The first is that stakeholders varied in their views on the subject, and the second is that they varied in their use of the terms 'confident' and 'informed'.

According to four in ten stakeholders, Australians are confident participating in the financial system (40%), have an improved understanding of risk (40%), and access to financial advice that meets their needs (44%).

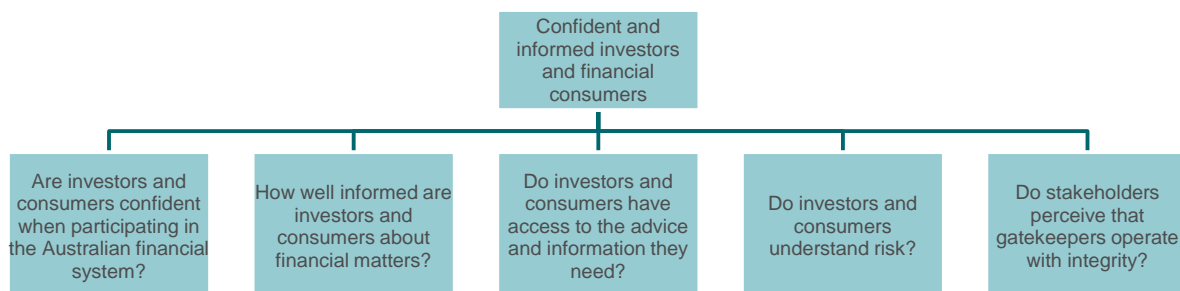
However, an equal proportion (42%) did not agree that the public is well-informed about financial matters. Nor did they agree that the public understands the risks associated with complex products.

More stakeholders rated the integrity of financial advisers negatively than gave a positive rating. A similar finding occurred on perceptions of the management of conflict of interest.

This section of the report describes stakeholders' perceptions on the first of ASIC's strategic priorities - that investors and financial consumers should be confident and informed. It does not cover the questions that directly asked about ASIC's role or performance in these matters. Those more direct questions are covered in Section 3.

The diagram below explains the structure of this section.

**Figure 15: Overview of this section**



Although the strategic priority is for 'confident and informed' investors and consumers, for measurement clarity the survey split this into its component parts: 'confident' and 'informed'?<sup>13 14</sup>

The report starts by exploring views on these two over-arching measures (i.e. confident and informed) and then drills further into the three specific aspects shown in the diagram: access to advice and information, understanding of risk, and the integrity of gatekeepers.

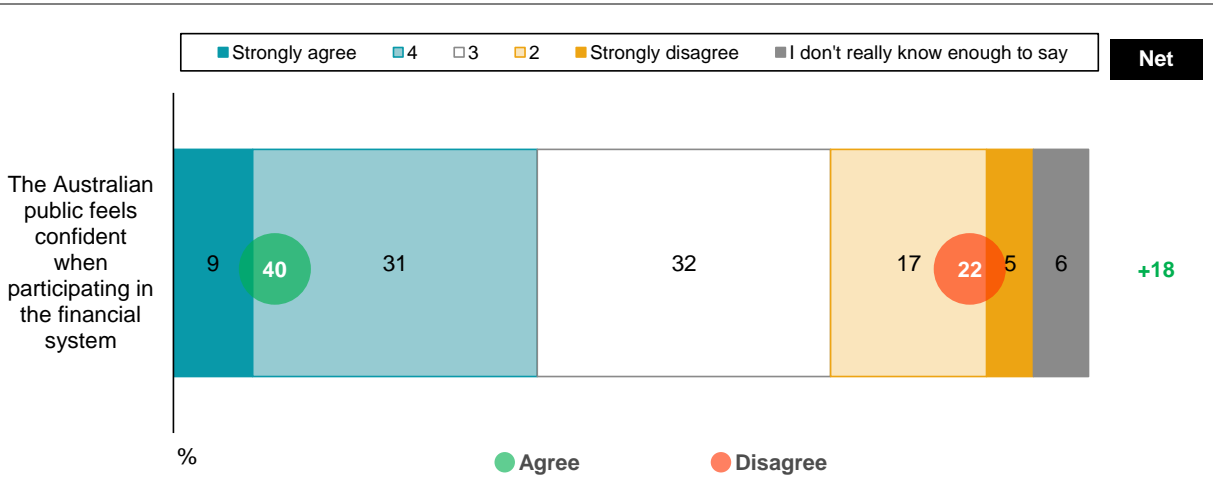
## Are investors and consumers confident when participating in the Australian financial system?

### Quantitative findings

#### More stakeholders agreed than disagreed that investors and consumers are confident when participating in the Australian financial system

Overall, more stakeholders agreed than disagreed that the Australian public feels confident when participating in the system. Four in ten (40%) agreed and two in ten (22%) disagreed, giving a positive Net of +18 in the chart below.

**Figure 16:** Confidence when participating in the Australian financial system



Q. How strongly do you agree or disagree that the Australian public feels confident when participating in the Australian financial system? Base: all stakeholders. N=1468

The above chart shows that:

- Twice as many stakeholders agreed (40%) that the Australian public feels confident when participating in the financial system than disagreed (22%).
- A substantial proportion neither agreed nor disagreed (32%) or did not know (6%).

<sup>13</sup> The survey alternated the order of presenting the questions at successive interviews.

<sup>14</sup> The charts in this section are for the total stakeholder population. The charts showing these results by segment are on pages 80 to 86.

## Quantitative findings by segment

### **The regulated population was twice as likely as investors and consumers to believe that investors and consumers are confident when participating in the financial system**

Over half (55%) the regulated population agreed that the Australian public feels confident when participating in the financial system. Among investors and consumers, this proportion was just about half that at 28%.<sup>15</sup>

In fact the investor and consumer segment and the 'other stakeholder' segment were both divided on this issue, with almost equivalent proportions agreeing and disagreeing.

## Qualitative insights

### **What do stakeholders mean by 'confidence'?**

The qualitative research revealed that some of the concepts and activities which stakeholders thought about under the 'confident' and 'informed' heading were within the scope of ASIC's responsibilities, but some were not.

### **For investors, lack of confidence comes from the volatility of the share market**

For example, the experienced investors who took part in some of the qualitative research tended to think about the state of the market when they talked about 'confidence'. The perceived causes were global rather than local.

*"Someone sneezes on the other side of the world and you can see your shares plummet".*  
(Investor/consumer)

Therefore the relatively low rating given to confidence by investors and consumers was in part because some investors said they were not 'confident' because of the volatility of the share market.

### **The regulated population believed that regulation breeds confidence**

The regulated population had different views on whether the public has confidence in the system, because they attributed confidence to different things. Industry associations expressed the view that consumers can feel confident because of effective regulation of their industry.

*"There is a strong protection framework in place and it is enforced."* (Industry association)

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<sup>15</sup> The charts referred to in this section are on pages 80 to 86.

# Are investors and consumers well informed about financial matters?

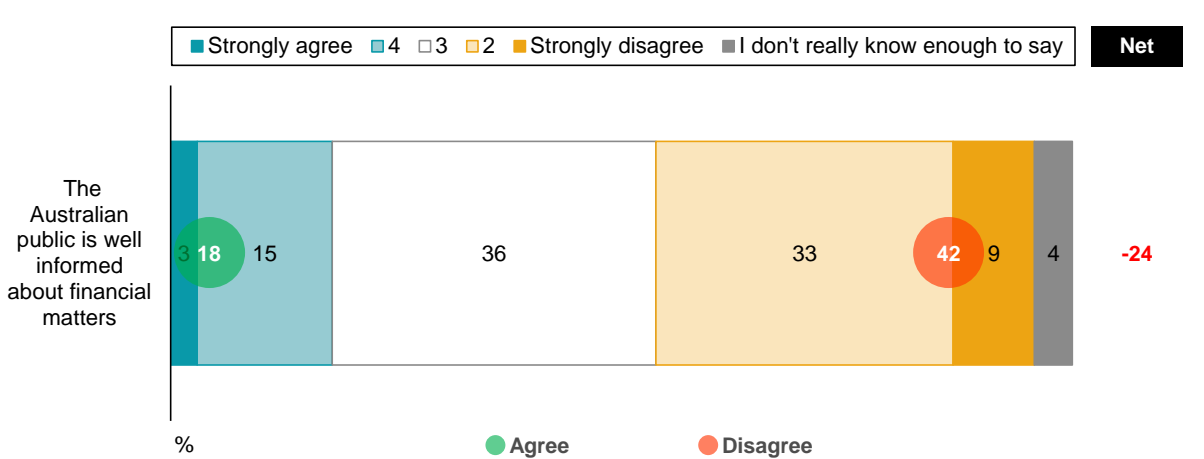
## Quantitative findings

### Stakeholders were much less positive about investors and consumers being 'well-informed' than they were about their 'confidence'

The survey asked stakeholders how 'well-informed' they believed Australian investors and consumers to be.

Stakeholders were much less positive about investors and consumers being 'informed' than they were about their 'confidence' - so much so that the 'Net' figure in the chart below was negative (-24) because more people disagreed with the statement than agreed with it.

**Figure 17:** How well-informed is the Australian public about financial matters?



Q. How strongly do you agree or disagree that the Australian public is well informed about financial matters? Base: all stakeholders. N=1468

The above chart shows that:

- Only eighteen per cent (18%) of stakeholders agreed that the Australian public was well-informed about financial matters.
- This was less than half the proportion who disagreed that the public was well-informed (42%).

## Quantitative findings by segment

### All of the stakeholder segments disagreed that the Australian public was well informed, none more so than the 'other stakeholder' segment

A striking seven in ten (69%) of the 'other stakeholder' segment disagreed that the public was well-informed on financial matters. Almost half (44%) investors and consumers also disagreed and about a third (36%) of the regulated population shared this opinion.<sup>16</sup>

<sup>16</sup> The charts referred to in this section are on page 81.

## Qualitative insights

### Why did stakeholders believe that the public was not well informed?

According to the qualitative research, being well-informed means different things to different stakeholder segments. Stakeholders also pointed out several reasons why a goal of well-informed investors and consumers will be hard to achieve.

#### Being informed about the activities in the share market which affect investors

The experienced investors tended to have a fairly narrow view of the financial market. Their focus was on the share-market almost exclusively and when they said they were not well-informed, they meant they were not well-informed about the market.

*“Being aware of what is happening in the market, so as to be ahead of the market and/or to take advantage of the market.”* (Investor/consumer)

There is only so far that ASIC's work on - for example - ensuring continuous disclosure can go towards satisfying what retail investors want in these terms.

#### Understanding the alternatives and consequences when buying a financial product

The broadest interpretation of the meaning of 'well-informed' was expressed by both consumer organisations and an industry association. They expressed the idea that someone buying a financial service or product should be fully informed about that product and about the alternatives to that product, as well as being informed about the potential consequences of their actions, and where to get advice and where to complain.

*“Consumers should be aware of the choices and options they have available to them and understand the differences between products and providers.”* (Industry association)

#### Competing tensions between stakeholders

Some consumer organisations felt that the task of creating 'well-informed' consumers was difficult because of the *“huge marketing budgets”* of financial services providers, which they felt enticed consumers to make decisions based on marketing or sales messages, rather than for sound financial reasons. This comment reflects a fear among some consumer organisations that some industry marketing strategies might compete against their financial literacy initiatives.

It also points to some of the *“tensions”* that exist between different stakeholders. One felt it was *“idealistic”* to hope that consumers could acquire such knowledge.

#### Having access to effective disclosure about financial products

In contrast, some industry associations equated being 'well-informed' almost exclusively with effective disclosure. Those who felt that consumers were well-informed cited their disclosure practices to support their case.

However, some industry associations worried that relying on disclosure to create perfect awareness of products and choices implied that the regulated population would have to supply *“more”* - and ultimately *“excessive”* - disclosure. According to this view, the goal of creating an informed consumer could therefore result in confused consumers, as well as impeding their efforts to create efficiency in the system.

In summary, it is likely then that the stakeholder segments had something different in mind when they rated how well-informed the public was, so readers should interpret these results with some caution.

# Do investors and consumers have access to the advice and information they need?

## Quantitative findings

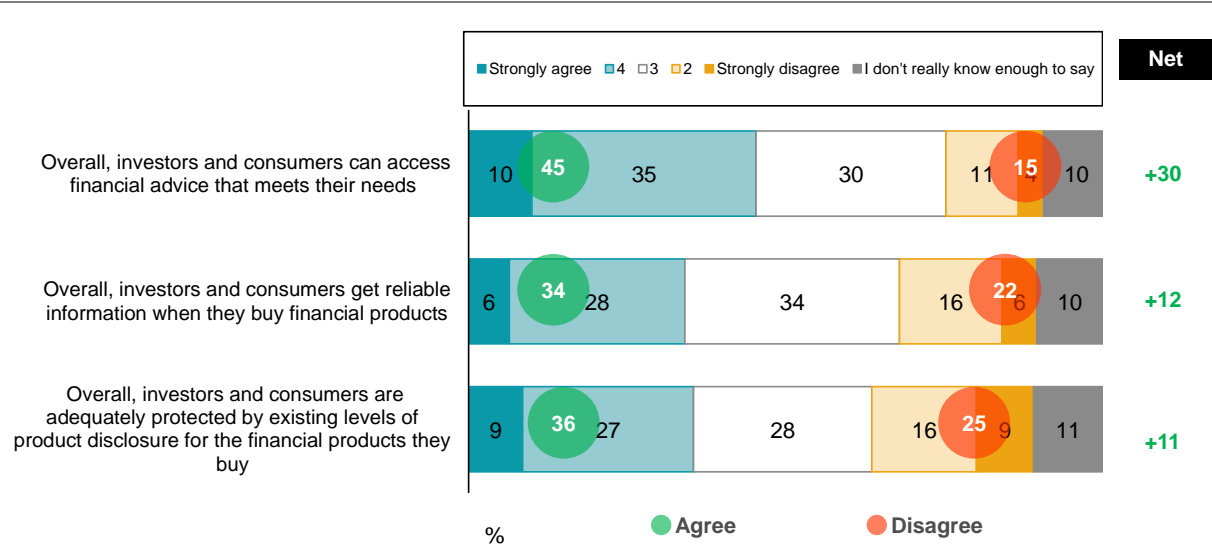
### Stakeholders were more positive about investors' and consumers' access to advice than they were about either access to reliable information or the effectiveness of product disclosure in protecting investors and consumers

The confidence of investors and consumers and their sense of being well-informed can be influenced by their access to advice that meets their needs, and to reliable and usable information from trusted sources.

Stakeholders were asked how much they agreed or disagreed with two statements about the access that investors and consumers have to advice, and reliable product information. They were also asked whether they agreed that investors and consumers are adequately protected by existing levels of product disclosure.

The chart below shows the results, that more stakeholders agreed than disagreed with each statement. This can be seen in the positive 'Net' figure on the right.

**Figure 18: Access to advice and information; adequacy of disclosure**



Q. How strongly do you agree or disagree that .....? Base: all stakeholders. N=1468

The above chart shows that:

- Forty-five per cent of stakeholders agreed that investors and consumers have access to advice that meets their needs, significantly more than the proportion disagreeing (15%).
- A third agreed that investors and consumers have access to reliable information (34%) and are adequately protected by disclosure (36%). Again, the proportions agreeing were higher than the proportions disagreeing.



## Quantitative findings by segment

### **The regulated population segment was much more positive about the public's access to advice and information than were investors and consumers themselves**

Half (50%) of the regulated population agreed that investors and consumers have access to advice that meets their needs. The regulated population segment was also more positive about the availability of reliable information for consumers buying financial products and services and about the efficacy of disclosure, than either investors and consumers or 'other stakeholders'.<sup>17</sup>

Investors and consumers were relatively positive on these issues; four in ten (40%) agreed they have access to advice. It is important to realise that 'advice' in these terms is not the exclusive domain of professional financial advisers. Investors and consumers seek financial advice from many sources, not just professional advisers.

Some said that their friends and family were their best advisers, while others use outward signs of wealth as signifiers of whom to trust - as for this consumer who trusted the advice of friends:

*"I have some successful friends who own their own businesses and [I] know they own shares."*  
(Investor/consumer)

## Qualitative insights

### **Why did investors and consumers give relatively low scores to the reliability of information?**

#### **Concerns about the reliability of advice and information from industry gatekeepers**

Some investors and consumers were concerned that the various gatekeepers in the system who should be able to help them with advice and information only "*have their own interests at heart*", rather than those of the consumer. For example, one consumer was offered three options for a mortgage by a mortgage broker and felt that vested interests influenced the information she was given.

*"It was through the broker but they are tied in and give me three options and keep pushing {BRAND} is good."* (Investor/consumer)

#### **Concerns about the current disclosure regimen**

As mentioned above, industry associations felt that when it becomes "excessive" disclosure becomes ineffective for consumers and inefficient for industry. Some investors and consumers confirmed that when they wanted to read disclosure documents to gain the information they contained, they often found the task too difficult.

*"I tend to read it but don't always understand it."* (Investor/consumer)

Some investors and consumers, and some consumer organisations, were also sceptical about reliance on and the adequacy of disclosure.

*"They have a vested interest in promoting their products perhaps to the detriment of their client's best interests."* (Investor/consumer)

*"Disclosure about a product is one thing. Being informed about other products and other options is another."* (Consumer organisation)

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<sup>17</sup> The charts referred to in this section are on pages 81 to 82.

Therefore, some investors and consumers did not always feel able to trust publicly available information.

*“Of course I would like to see as much as possible to enable me to make informed decisions but again I only have access to what is in the public domain and no special way of determining how truly transparent or opaque it is.” (Investor/consumer)*

## Do investors and consumers understand risk?

### Quantitative findings

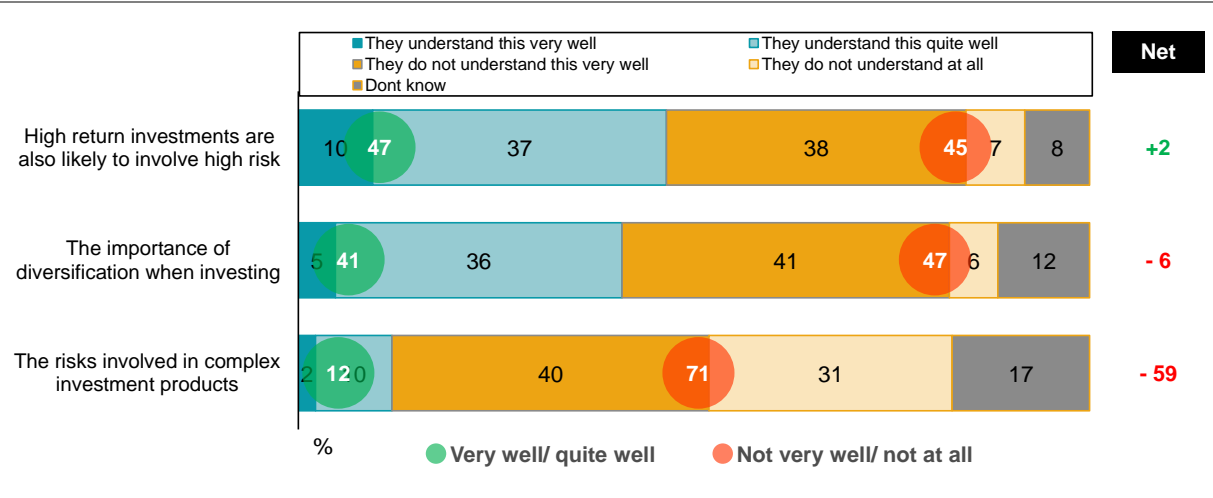
#### Awareness of risk is improving but remains a challenge

One way to assess the public’s confidence in the system and their competence to deal with it is to explore perceptions of risk. The survey asked stakeholders some specific questions about:

- whether the general public understands that high returns could involve high risk
- the importance of diversification when investing
- the risks involved in complex products.

The scale used was different from the scales used so far in the report. In this case it ran from ‘they understand this very well’ to ‘they do not understand this at all’, with no midpoint. The results are shown in the chart below.

**Figure 19: Investors’ and consumers’ understanding of risk**



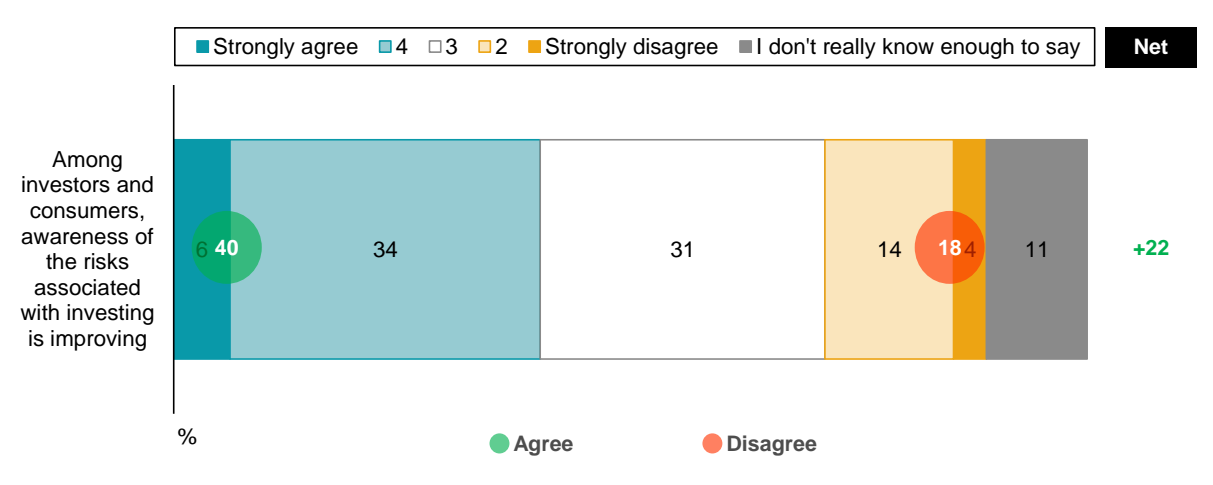
Q. How well do you believe that Australian consumers and investors understand ....Base: all stakeholders. N=1468

The above chart shows that:

- The only point on which most stakeholders agreed was that the public does not understand the risk involved in complex products.
- The question of whether investors and consumers understand that higher returns can be high risk polarised stakeholders.
- Whether the general public understands the importance of diversification also resulted in divided opinion, tending to the negative.

The survey also asked whether stakeholders thought that consumers were becoming more aware of investment risk. More stakeholders agreed than disagreed that awareness of risks is improving, giving a Net of +22.

**Figure 20: Improvements in investors' and consumers' awareness of risk?**



*Q. Based on what you personally know about the Australian public - Where 5 is strongly agree and 1 is strongly disagree, how strongly do you agree or disagree that in Australia.....Base: all stakeholders. N=1468*

As the above chart shows, a high proportion - four in ten (40%) - stakeholders overall agreed that awareness of risks is improving, three in ten (31%) chose the midpoint of the scale, and only two in ten (18%) disagreed with the statement.

## Quantitative findings by segment

### Stakeholder segments did not agree about risk

The regulated population was the most optimistic about investors' and consumers' awareness of risk. They were the most likely to agree (50%) that investors' and consumers' awareness of risks is improving, and that investors and consumers understand the importance of diversification when investing (45%). The 'other stakeholders' segment was the least optimistic about investors' and consumers' understanding.<sup>18</sup>

Investors and consumers themselves were the most likely to agree that they understood that high return investments are likely to involve high risk (53%).

The majority of all three stakeholder groups disagreed that consumers and investors understand complex products.

## Qualitative insights

### Are investors too optimistic about their level of understanding of risk?

The qualitative research revealed that the Global Financial Crisis (GFC) taught investors to be more aware of risk, but that it is now possible that some may be over-confident and may face risks that they don't expect.

<sup>18</sup> The charts referred to in this section are on pages 83 to 84.

## The GFC taught investors to be more aware risk

Focusing first of all on investment, some experienced investors cited their experiences of the GFC as the catalyst to greater risk awareness, saying they might once have been “naïve”, but have learnt from that experience.

Investors also argued that the nature of investment is to take some risk.

*“Risks are ever present when you trade in the share market. The trick is to minimise the potential for a loss that will hurt you, or which you can't afford. You can put all your money in Government Bonds and be risk free or you can take a huge gamble and invest all your money (even borrow some) in speculative shares, which may never return any dividends and which could be valueless in a couple of years.”* (Investor/consumer)

Some said that they accepted the risk: *“I am prepared to lose some of my money.”* The belief seemed to be that some short term losses were inevitable, but that in the long term, the investment would be successful.<sup>19</sup>

## Some consumers may be over-confident and may face risks that they don't expect

Some consumer organisations and industry associations were less convinced that all consumers understood risk.

*“There is a group of consumers who get it and a group who don't, or who don't want to take it in.”* (Industry association)

*“They have a lack of understanding of what risk really means ... they think they know more than they do.”* (Consumer organisation)

Their view was that this is a “complex marketplace”, where it is possible to make mistakes about risk.

## Do gatekeepers in the financial system have integrity?

### Quantitative findings

#### Stakeholders were more positive about the integrity of some key gatekeepers than others

Confidence in the financial system also requires confidence in the organisations that operate in the market. If investors and consumers are to be confident and informed, they need to be able to rely on the advice and information that they receive from the gatekeepers in the financial system, and to know that those gatekeepers are operating with integrity. As one consumer put it:

*“The best way to empower us to make ‘informed and confident decisions’ is to ensure that you weed out all the shonks and that we (can) take company prospectus and reports at face value.”* (Investor/consumer)

ASIC has focused on holding gatekeepers in the financial system to account, and recent financial reforms have focused on conflicts of interest in the financial services industry. Therefore, stakeholders were asked to state how much they agreed or disagreed that:

- organisations involved in providing financial products and services (such as banks, finance companies, superannuation providers, insurance companies and other credit licensees) operate with integrity
- financial advisers operate with integrity

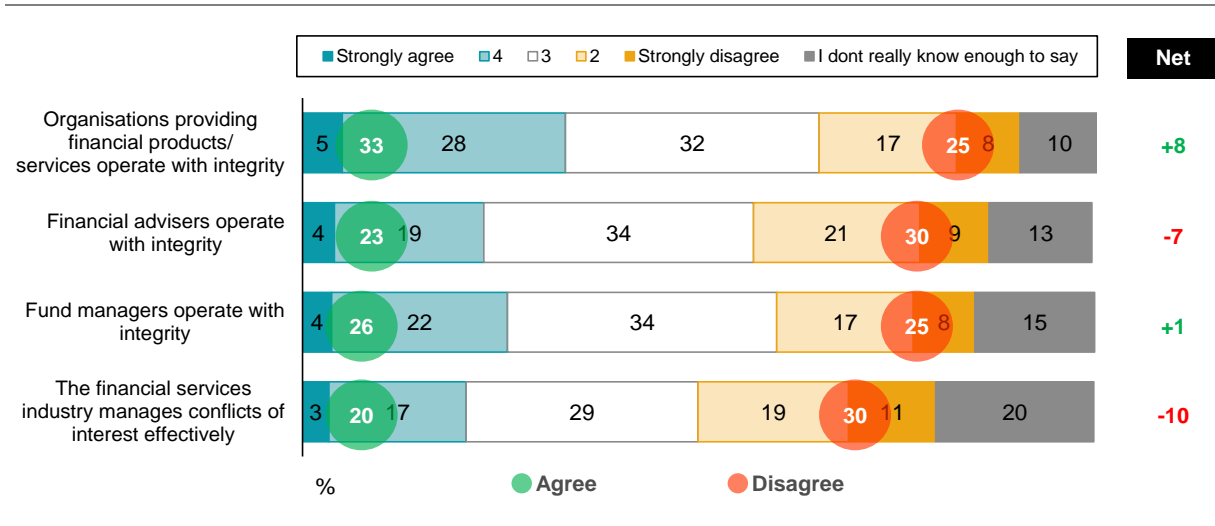
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<sup>19</sup> This is consistent with the behavioural economics concept of ‘optimism bias’.

- fund managers operate the integrity
- the financial service industry manages conflicts of interest effectively.

As the chart below shows, stakeholders rated the organisations providing financial products and services relatively highly with a Net score of +8.

**Figure 21: The integrity of financial services gatekeepers and perceptions of conflict of interest**



Q. Now some questions about the organisations which provide financial products and services. 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that...Base: all stakeholders. N=1468

The above chart shows that the answer to the question: ‘do stakeholders think gatekeepers in the system have integrity?’ is to some extent, ‘it depends on the gatekeeper’.

- Stakeholders were the most likely to agree about the integrity of the organisations that provide financial products and services (such as banks, finance companies, superannuation providers, insurance companies and other credit licensees), although even that proportion was not particularly high.
- A third of all (33%) stakeholders agreed that the organisations providing financial products and services operate with integrity.
- Only a quarter agreed that financial advisers (23%) and fund managers (26%) have integrity.
- An even lower proportion (20%) agreed that the industry manages conflicts of interest effectively.

## Quantitative findings by segment

### The management of conflict of interest, and the integrity of advisers are on the radar of all segments

At one level, the three stakeholder segments have opposing views on gatekeeper integrity. The regulated population was twice as likely as ‘other stakeholders’ to believe in the integrity of the gatekeepers in the financial system. As for investors and consumers, their views lay somewhere between these. They were less critical than ‘other stakeholders’, but not as positive as the regulated population, and in some cases did not know.<sup>20</sup>

<sup>20</sup> The charts referred to in this section are on pages 85 to 86.

Half (49%) of the regulated population segment agreed that organisations providing financial products and services operate with integrity. They were more positive than 'other stakeholders' about the integrity of financial advisers and fund managers, and the management of conflicts of interest. Nevertheless, only three in ten (31%) of the regulated population agreed that financial advisers have integrity.

Less than one in ten (9%) of 'other stakeholders' agreed that financial advisers operate with integrity. A similar pattern emerged for their perceptions of fund managers, organisations providing financial services and the industry's management of conflicts of interest.

## Qualitative insights

### What did stakeholders mean by integrity?

#### Having high standards

For some industry associations, high regulatory standards have forced gatekeepers to have integrity. In qualitative research, several stated that their members had to have integrity because of the requirements of their licence, arguing that the current system works.

One consumer interviewed agreed with this definition saying that "*discharging your obligations in accordance with their charters, governance requirements and regulations means operating with integrity.*" (Investor/consumer)

#### Managing vested interests

It seems that a more common view among investors and consumers than the one quoted above was that integrity is doing more than acting within the letter of the law, if acting within the law supports "*your vested interest*". According to this view, gatekeepers have "*distractions and temptations*" which can steer them off course; it is only 'integrity' which steers them back.

*"Integrity is knowing you are doing the right thing."* (Investor/consumer)

For this industry association representative the issue was:

*"Doing the right thing even when it is not profitable."* (Industry association)

As the chart on page 31 showed only two in ten (20%) of stakeholders believed that the financial services industry manages conflict of interest well.

*"I don't believe most of them put integrity as their main priority."* (Investor/consumer)

#### Not hiding anything

For some, integrity was about being open and transparent, with nothing hidden. Trailing commissions and "*kickbacks*" received by financial advisers fell into the 'not transparent' category, with consumers saying they created a temptation to see the customer as simply someone to make money out of.

*"All about their fees; not about the client's welfare."* (Investor/consumer)

#### Being honest

Honesty was also crucial to integrity, which also means not intentionally misleading others.

*"A simple definition for me of integrity is how you behave when no one is watching you. Applied here, these gatekeepers and their behaviour should be auto-determined - that is irrespective of what ASIC make them do/report/confirm via statements, their personal and the organisational integrity they represent should be behaving in that way already."* (Investor/consumer)

# Section 3. Confident and informed investors and consumers: ASIC's performance

## Findings at a glance

Just as stakeholders had diverse views on whether consumers and investors were confident and well-informed, it is not surprising that similarly diverse views were expressed about ASIC's work in this area, which spans financial literacy, ensuring effective disclosure, and holding gatekeepers to account.

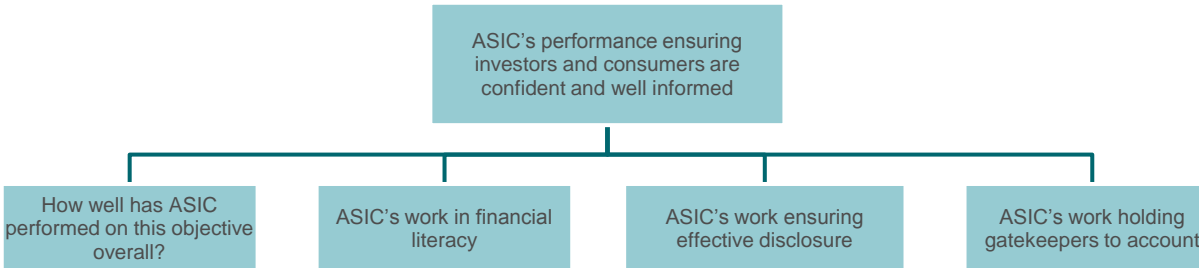
Stakeholders were divided in their views on ASIC's contribution to financial literacy, because of their different degrees of exposure to this work, and indeed to the concept of financial literacy itself.

More stakeholders gave positive than negative ratings on ASIC's work ensuring effective disclosure and on ASIC's work holding the relevant gatekeepers to account, especially the organisations involved in providing financial products and services.

The previous section of the report described the broad spectrum of views held by ASIC's stakeholders on how confident and well-informed investors and consumers are.

This section describes stakeholders' views of ASIC's performance in this strategic area,<sup>21</sup> as shown below.<sup>22</sup>

**Figure 22:** The structure of this section



<sup>21</sup> As this section reports stakeholders' perceptions of ASIC, the questions were only asked of stakeholders who were aware of ASIC.

<sup>22</sup> The charts in this section are for the total stakeholder population. The charts showing these results by segment are on pages 87 to 90.

# ASIC's performance ensuring investors and consumers are confident and informed

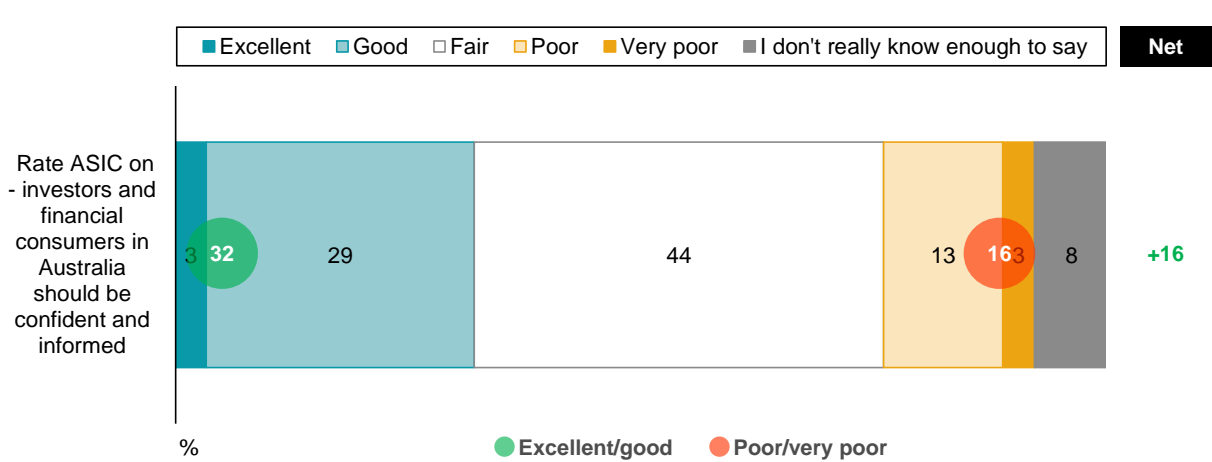
## Quantitative findings

### Diverse views on ASIC's work ensuring that investors and consumers are confident and informed

Reflecting the broad spectrum of views described in the earlier chapter and the different interpretations of both 'confident' and 'informed', stakeholders held varied views on ASIC's performance ensuring that investors and consumers are confident and informed.

Four in ten (44%) rated ASIC's performance on this objective as 'fair'. Among the rest, positive views of ASIC's performance outweighed negative views, resulting in a Net of +16.

**Figure 23: ASIC's performance ensuring investors and consumers are confident and informed**



Q. ASIC has as one of its objectives that investors and financial consumers in Australia should be confident and informed. ('Financial consumers' are consumers of financial products and services). Based on what you know of ASIC's activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as... Base: all aware of ASIC. N=1329

The above chart shows that:

- The most common rating was 'fair' (44%).
- Over three in ten (32%) of these stakeholders described ASIC's performance on ensuring investors and consumers are confident and informed as 'excellent' or 'good'.
- This was double the proportion that rated ASIC as 'poor' or 'very poor' (16%).



## Quantitative findings by segment

### The regulated population gave the highest rating

Four in ten (39%) of the regulated population rated ASIC 'excellent' or 'good' on the 'confident and informed' measure, compared with one in three (34%) 'other stakeholders' and one in four (26%) investors and consumers.<sup>23</sup>

Given the earlier finding that stakeholders had varied views about how confident and informed investors and consumers are, this result was not particularly surprising. What is of most interest in this section are stakeholders' views on ASIC's strategies for achieving the objective.

### How do stakeholders assess ASIC's work in financial literacy?

ASIC has developed a National Financial Literacy Strategy, which is a framework for many agencies and organisations working in partnership across the business, community, education and government sectors. This Strategy recognises that improving financial literacy is a complex and long term behavioural change initiative.<sup>24</sup>

ASIC's financial literacy work includes helping investors and consumers make better financial decisions, and better understand the risks they are taking. Two examples of ASIC's work in this area are:

- MoneySmart: ASIC's investor and consumer website, which provides information and interactive calculators and tools. It covers topics such as budgeting and managing money, borrowing and credit, superannuation and retirement, investing basics and scams.<sup>25</sup>
- MoneySmart Teaching: a strategy aimed at embedding consumer financial literacy in the Australian school curriculum from Kindergarten to Year 10. ASIC's commitment to school education focuses on driving long-term generational change by developing knowledge, skills and capabilities in young people to make informed consumer and financial decisions.<sup>26</sup>

## Quantitative findings

### ASIC's work in financial literacy divided opinion

Stakeholders used the 'excellent' to 'very poor' scale to assess ASIC's performance on the two financial literacy components measured in this survey<sup>27</sup>:

- how well ASIC helps the general public to become financially literate
- how well ASIC has developed relevant tools to help consumers make good financial decisions.

The chart below shows stakeholders' assessments on these two issues. On whether ASIC is helping the public become more financially literate, stakeholders were evenly divided, in that exactly the same proportion gave a rating of 'excellent' or 'good' as gave a rating of 'poor' or 'very poor', resulting in a Net of 0.

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<sup>23</sup>The charts referred to in this section are on pages 87 to 90.

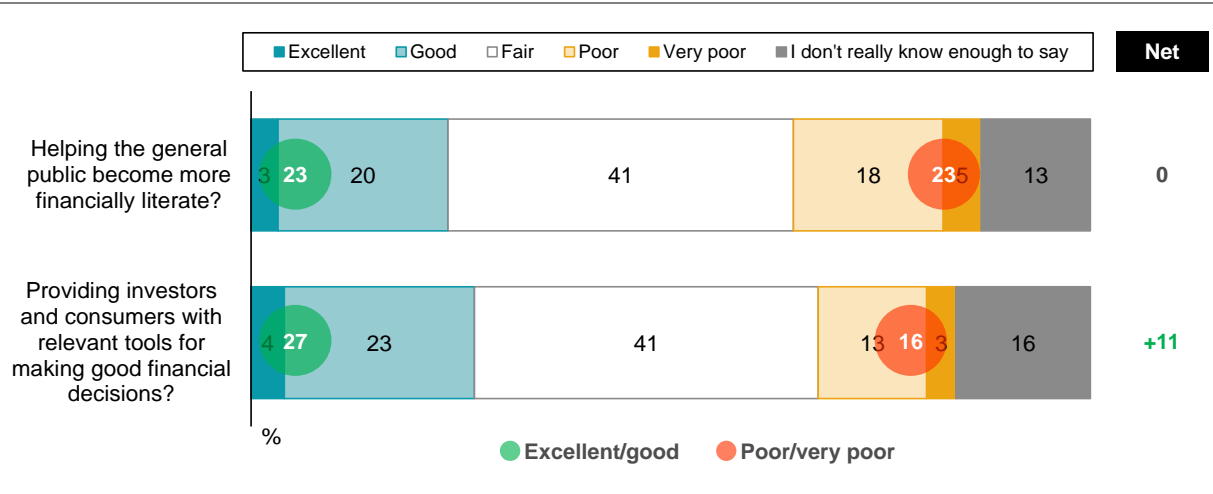
<sup>24</sup> [www.financialliteracy.gov.au](http://www.financialliteracy.gov.au)

<sup>25</sup> [www.moneysmart.gov.au](http://www.moneysmart.gov.au)

<sup>26</sup> <http://teaching.moneysmart.gov.au/>

<sup>27</sup> As above

**Figure 24: ASIC’s work in helping people become more financially literate and providing people with relevant tools for making good financial decisions**



Q. How would you rate ASIC’s performance in helping the general public become more financially literate? How would you rate ASIC’s performance in providing investors and consumers with relevant tools for making good financial decisions? Base: all aware of ASIC. N=1329

The above chart shows that stakeholders were more positive about ASIC’s work in providing investors and consumers with relevant tools for making good financial decisions (27% gave an ‘excellent’ or ‘good’ rating).

**Quantitative findings by segment**

**Stakeholders were divided on the financial literacy measure**

The ‘other stakeholder’ segment, many of whom actively work with ASIC on financial literacy, rated ASIC highly on helping the public become more financially literate (48% gave an excellent or good rating). However, investors and consumers themselves gave much lower ratings, and on balance were negative about this, and 18% did not know. The regulated population was a little more positive than investors and consumers about this but not as positive as the ‘other stakeholder’ segment.<sup>28</sup>

A similar pattern emerged on whether ASIC provided relevant tools for good decision-making.

**Qualitative insights**

**Reasons why stakeholders were divided on ASICs financial literacy work: the challenges**

There are some challenges ahead here for ASIC as it seems that there is a lack of awareness of both the concept of ‘financial literacy’ and ASIC’s role in this area among some stakeholders.

**Awareness of the concept of ‘financial literacy’, and ASIC’s role**

The qualitative evidence suggests that ‘financial literacy’ was not a term frequently used by investors and consumers.

<sup>28</sup> The charts referred to in this section are on pages 87 to 90.

One element of financial literacy is the development of financial skills and knowledge. However, when things go wrong, consumers either seem to blame themselves for making an uncharacteristic mistake, or blame their actions on someone else. They rarely, if ever, said that they lacked the skills or knowledge to make these decisions.

The qualitative focus group conducted with intending and recent direct investors also revealed little awareness of ASIC's role in financial literacy. Unless they had used the MoneySmart website before, and most had not, these investors and consumers were generally unfamiliar with and surprised by ASIC's financial literacy work. Until then, some had perceived ASIC's role to be reactive not proactive; to monitor compliance and penalise offenders.

*"It is not ASIC's role to educate or to empower investors and financial consumers – this is surely the role of the ASX, the ASA, the on-line trading providers."* (Investor/consumer)

Once ASIC's responsibility in this area had been explained, they supported it.

When shown the MoneySmart website, most of the group responded enthusiastically, finding it "user-friendly", "informative" and "empowering". They also felt that "you feel confident because it is ASIC and not coming from a financial institution".

They were particularly enthusiastic about schools-based financial literacy initiatives, including the idea of a long term view.

*"[The children will be] confident to make informed judgements and decisions that we can't do because they would have learned it in schools and would have the confidence and know where to look and to speak to people. We have to find it ourselves."* (Investor/consumer)

To add further insight to this finding, analysis of the survey data by usage of the MoneySmart website showed that investors and consumers who had used the MoneySmart website in the last 12 months held a much more positive view of ASIC's role in financial literacy than those who had not. This result suggests that these perceptions of ASIC's role in financial literacy are at least in part a function of a low awareness of ASIC's financial literacy work.

Experienced investors and SMSF trustees who took part in the online focus groups were happier to have financial literacy expressed as 'providing information which would enable them to make decisions', so the responsibility for success or failure was still theirs.

*"If there is someone to assist you in starting off and pointing you in the right direction on how to make informed decisions you are less likely to lose your money. I'm not saying telling you in what to invest, but giving you the tools and the means of making informed investment choices."* (Investor/consumer)

Some 'other stakeholders' who were more familiar with ASIC's financial literacy work spoke of it as a long-term initiative, focused on prevention.

*"They are getting in there before there is a disaster."* (Consumer organisation)

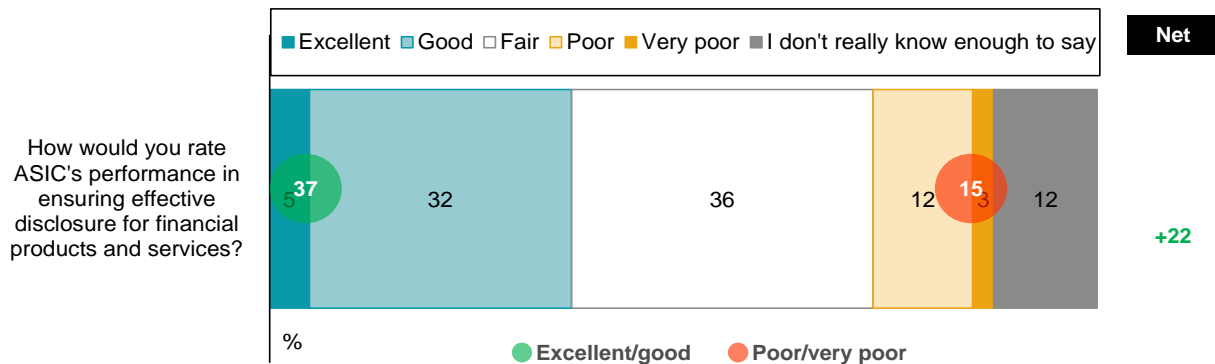
## How do stakeholders assess ASIC's work ensuring effective disclosure?

### Quantitative findings

#### Stakeholders rated ASIC's work on disclosure as 'good' or 'fair'

More stakeholders rated ASIC's work ensuring effective disclosure positively than negatively, while some rated it as 'fair'.

**Figure 25: ASIC's work on ensuring effective disclosure**



Q. How would you rate ASIC's performance in ensuring effective disclosure? Base: all aware of ASIC. N=1329

As the above chart shows:

- Over a third (37%) rated ASIC 'excellent' or 'good' on ensuring effective disclosure.
- An equivalent proportion (36%) rated ASIC 'fair'.
- One in six (15%) gave a 'poor' or 'very poor' rating.

## Quantitative findings by segment<sup>29</sup>

### The regulated population gave the highest rating on effective disclosure

Almost half (46%) of the regulated population gave ASIC an 'excellent' or 'good' rating on ensuring effective disclosure for financial products and services. This was higher than the proportion of 'other stakeholders' who gave this rating (37%).

A lower rating by investors and consumers (28%) occurred partly because of the high proportion saying 'don't know.'

## How well is ASIC holding relevant gatekeepers to account?

### Quantitative findings

#### Stakeholders rated ASIC's holding of some gatekeepers to account as 'good' or 'fair'

The third strand in ASIC's work ensuring confident and informed investors and consumers is holding gatekeepers to account (that is, ensuring they act honestly, diligently, competently and with independence). The report has already shown that stakeholders tended to be critical of the 'integrity' of financial advisers in particular. What impact did these perceptions have on stakeholders' views of ASIC's work in holding these gatekeepers to account?

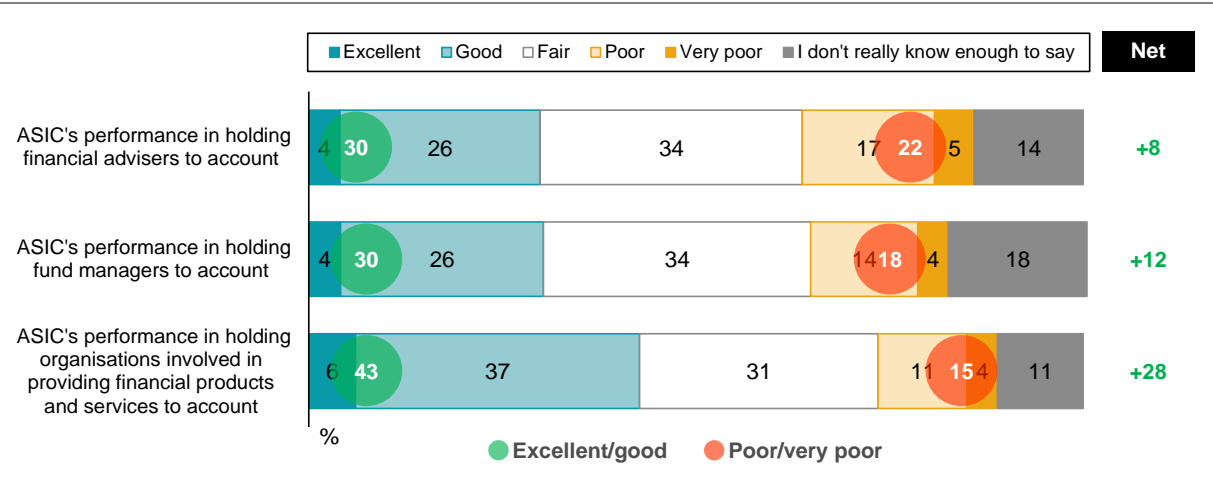
<sup>29</sup> The charts referred to in this section are on page 88.

The chart below shows stakeholders' perceptions of ASIC's work in holding these three gatekeepers to account:

- financial advisers
- fund managers
- organisations providing financial products and services (such as banks, finance companies, superannuation providers, insurance companies and other credit licensees).

Again, there were varied views on this subject. More stakeholders rated ASIC as 'excellent' or 'good' on holding organisations providing financial products and services to account (43%) compared with the proportion rating 'excellent' or 'good' on holding financial advisers (30%) and fund managers (30%) to account.

**Figure 26: ASIC's work holding gatekeepers to account**



Q. Overall, how would you rate ASIC's performance in holding .... to account? Base: all aware of ASIC. N=1329

## Quantitative findings by segment

### On all three measures, the regulated population gave the most positive rating

Members of the regulated population expressed more positive views on these measures with over a third (37%) of the regulated population rating ASIC 'excellent' or 'good' on holding financial advisers to account.<sup>30</sup>

Some stakeholders did not know enough on this issue to give a rating.

## Qualitative insights

### Holding advisers and fund managers to account is important, but difficult

Some industry associations provided further insight on the regulated populations' views on ASIC's work holding gatekeepers to account. On the one hand, they agreed that it was important to do - "they need to demonstrate that someone is held to account." (Industry association)

Having said that, they also pointed out the difficulty of doing so.

"ASIC itself is a gatekeeper; they have to moderate between different interests." (Industry association)

<sup>30</sup> The charts referred to in this section are on pages 89 to 90.

Some also suggested that the extent of reform that the industry is facing came about because of problems with these gatekeepers in particular, and these reforms are yet to take effect.

## Section 4. Fair and efficient markets: the environment

### Findings at a glance

More stakeholders agreed that the Australian financial markets are fair and efficient than disagreed.

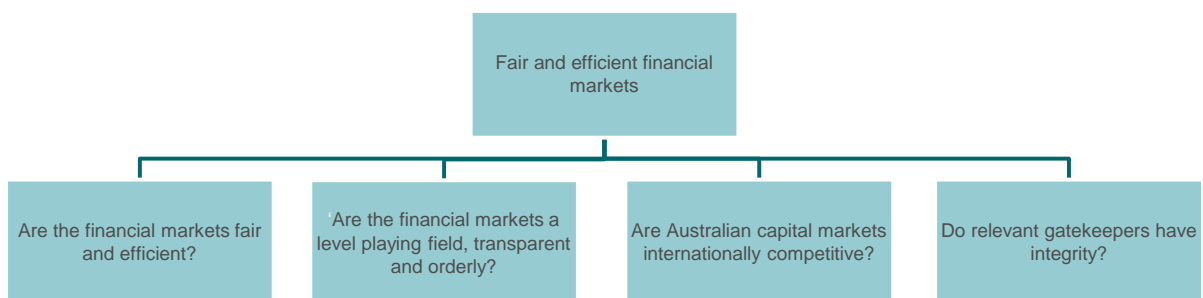
The most favourable perception was that the market is run in an orderly fashion. Views also tended to be positive on whether Australia has a level playing field for investors and operates with transparency, and whether companies and auditors operate with integrity. Other gatekeepers were rated somewhat less positively.

This section of the report examines stakeholders' perceptions on ASIC's second strategic priority: fair and efficient financial markets.

As in the previous sections, the charts shown here are for the total stakeholder population, except in some cases where the question was asked only of the regulated population, other stakeholders, and investors and consumers who have direct investments and/or an SMSF.<sup>31 32</sup>

The diagram below shows the structure of this section. It starts with perceptions of the fairness and efficiency of the Australian market and then 'drills down' into three key concepts.

**Figure 27: The structure of this section**



<sup>31</sup> Where noted, some questions were not asked of those consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF.

<sup>32</sup> The charts showing these results by segment are on pages 91 to 96.

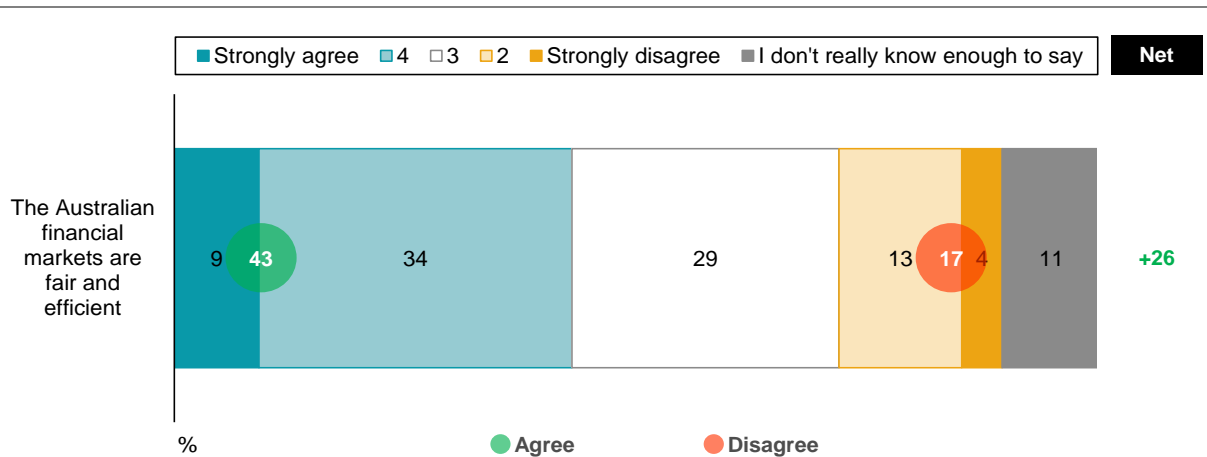
# Are the financial markets fair and efficient?

## Quantitative findings

### Stakeholders were generally positive about the fairness and efficiency of the financial markets

As the chart below shows, four in ten (43%) stakeholders agreed that Australian financial markets are fair and efficient.

**Figure 28:** The Australian markets are fair and efficient



Q. How strongly do you agree or disagree that the Australian financial markets are fair and efficient? By financial markets we mean facilities (for example, the ASX and Chi-X) on which financial products (for example, shares) can be traded. Base: all stakeholders. N=1468

The above chart shows that:

- Forty three per cent of stakeholders agreed that the markets are fair and efficient.
- Around one in six (17%) disagreed that the markets are fair and efficient.
- Around three in ten (29%) chose the midpoint of the scale and one in ten (11%) did not know.
- The Net score was +26.

## Quantitative findings by segment

### Two thirds of the regulated population agreed that the markets are fair and efficient

Among the regulated population, the proportion who agreed that the markets are fair and efficient was two in three (64%).<sup>33</sup>

'Other stakeholders' were also more likely to agree (40%) than disagree (18%). Half of investors and consumers either did not know, or had no opinion either way. The other half held opposing opinions.

<sup>33</sup> The charts showing these results by segment are on pages 91 to 96.



# Are the Australian financial markets a 'level playing field', transparent and orderly?

## Quantitative findings

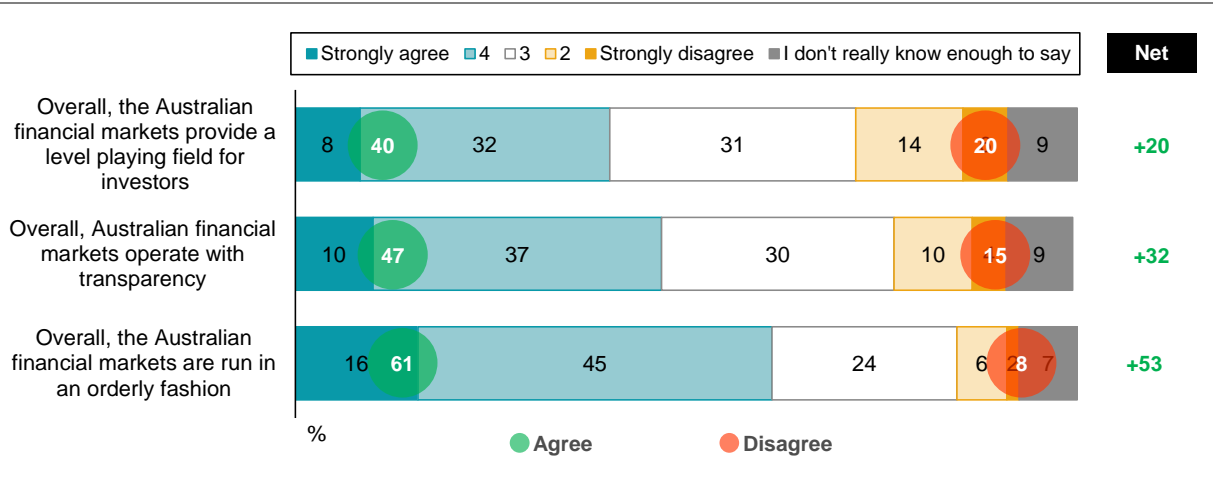
### In rank order of perceptions: the markets are orderly, transparent and level

To explore the reasons behind these overall perceptions of the fairness and efficiency of the market the survey drilled down into three key areas:

- are the Australian financial markets a 'level playing field, transparent and orderly;
- are the Australian capital markets internationally competitive, and
- do relevant gatekeepers operate with integrity?

The most positively rated was that Australian financial markets are run in an orderly fashion. The Net of +53 shown in the chart below was the highest for this study. It represents a rare moment of consensus among stakeholders.

**Figure 29: Level playing field, operate with transparency and run in an orderly fashion<sup>34</sup>**



*Q. Based on what you know about the Australian financial markets, where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that... Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1268*

The above chart shows that:

- Six in ten (61%) of the stakeholders who were asked this question agreed that the market is run in an orderly fashion.
- Just under five in ten (47%) agreed that the market operates with transparency.
- Four in ten (40%) agreed that investors have a level playing field in this country.

<sup>34</sup> Questions in this section were asked of all stakeholders except some consumers who had no investments except for superannuation (as long as that superannuation was not an SMSF).

## Quantitative findings by segment

### **On all three measures, the regulated population was more positive than investors and consumers and 'other stakeholders'**

Half (51%) of the regulated population believed the playing field to be level for investors, six in ten (63%) agreed that the market operates with transparency and almost eight in ten (77%) that it is run in an orderly fashion. 'Other stakeholders' were positive that the market is run in an orderly fashion (55%) but less convinced that the playing field is level (27%) or the market operates with transparency (37%).<sup>35</sup>

Of concern is the relatively low proportion of investors and consumers who believed that Australia has a level playing field for investors. One in three (32%) agreed that the playing field is level, while one in four (24%) disagreed. The rest chose the mid-point of the scale, or 'I don't really know enough to say'.

## Qualitative insights

The qualitative research supported the overall finding that the markets are perceived to be fair and efficient. Notwithstanding this, there were a range of concerns raised about just how level the playing field is.

### **Why do some stakeholders believe that the market is not a level playing field?**

#### **Some retail investors felt disadvantaged against institutional investors**

Some retail investors did not believe that the playing field was level, nor did they believe the market was transparent. They talked in general terms about the asymmetry of power between institutional and retail investors.

*"By many measures, the Australian market is fair in that any investor, regardless of size, can purchase the same stocks. However, individual investors are justified in claiming it is unfair when steady gains made over a period of days are wiped out because the institution decides it has raised high enough to take profits for their members. I agree the days of making reasonable profits out of day trading are almost a fond memory."* (Investor/consumer)

*"I feel the institutions have too much power, not only in the way they can influence the market but also in their voting power at the AGM."* (Investor/consumer)

On the question of the potential for leaking price-sensitive information some felt that retail investors were *"the last to know"*, for example in cases where a company has changed its strategic direction.

*"People in the know do better."* (Investor/consumer)

*"The law simply needs to be enforced. Insider trading is rife in the industry and this leaking of information to selected "friends" of directors is not healthy."* (Investor/consumer).

However, reflecting their lack of knowledge, for most investors and consumers any concern was more a generic feeling that 'this is unfair' than a specific concern about the leakage of information.

Therefore, leaking of price-sensitive information was rarely raised as a specific issue.

*"I don't believe this is an issue in Australia, especially as ASIC has the tools to detect such transactions relatively quickly and to hand out severe penalties."* (Investor/consumer)

Indeed as far as stakeholder perceptions are concerned, some of these issues may be dormant until they re-emerge for specific reasons.

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<sup>35</sup> The charts referred to in this section are on pages 91 to 92.

*“These issues are not usually at the forefront of my mind, but tend to become more obvious thoughts of mine when some issue or other is divulged through the media.” (Investor/consumer)*

Even among industry associations, such issues tended to be raised only among those closest to the issue.

### Some institutions believed that the investment ‘playing field’ can never be level

Several industry associations argued against the idealism of a level playing field. Some stated the market for investment *“is level at the big end”* but that it could never be completely level, because *“it is not unfair; it is the economy at work.”*

The view seemed to be that this inequality did not matter.

*“I am not satisfied that retail investors are worse off.” (Industry association)*

Some commented that that *“the law doesn’t allow for a level playing field”*, in that *“legally, institutional investors can access information at a better price”*, and that it was their job to become aware of information faster than other people.

Nevertheless for one *“there is a small but growing sense that the equity market is no place for any but the professional, with high frequency trading and dark pools.” (Industry association)*

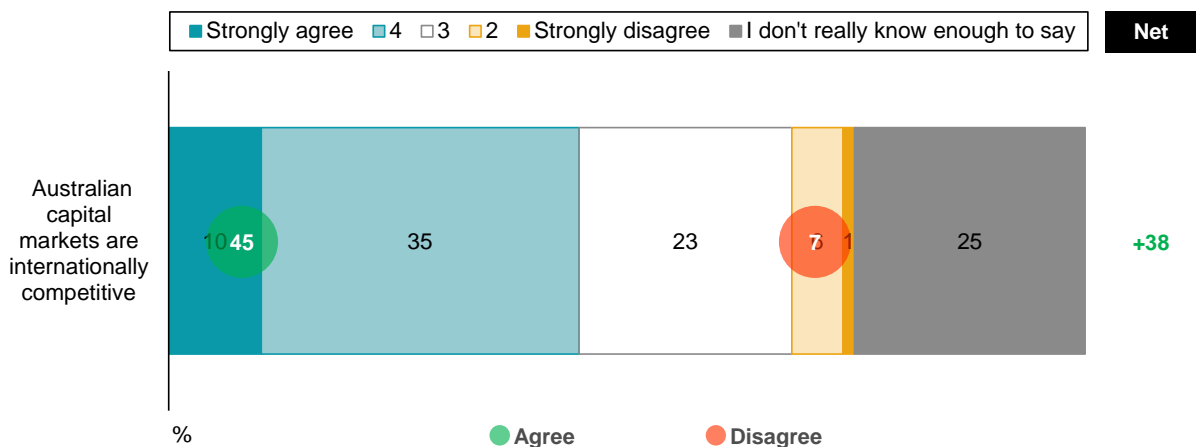
## Are Australia’s capital markets internationally competitive?

### Quantitative findings

#### Among those who knew, more agreed than disagreed that Australia is internationally competitive

Stakeholders were asked their opinion of Australian capital markets.

**Figure 30: Perception that the capital markets are internationally competitive**



Q. Australian capital markets are internationally competitive. (Capital markets are financial markets for the issue, buying, and selling of equity, long-term debt and related securities). Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1268

- Over four in ten (45%) agreed that Australian capital markets were internationally competitive.
- Two in ten (23%) chose the midpoint of the scale and a similar proportion (25%) did not know.
- A very small proportion (7%) disagreed.

## Quantitative findings by segment

### In Net terms, the result was positive on this measure for all segments

The regulated population has more knowledge on this issue and overall most agreed. Many of the 'other stakeholder' segment did not know<sup>36</sup>.

## Do companies have integrity?

### Quantitative findings

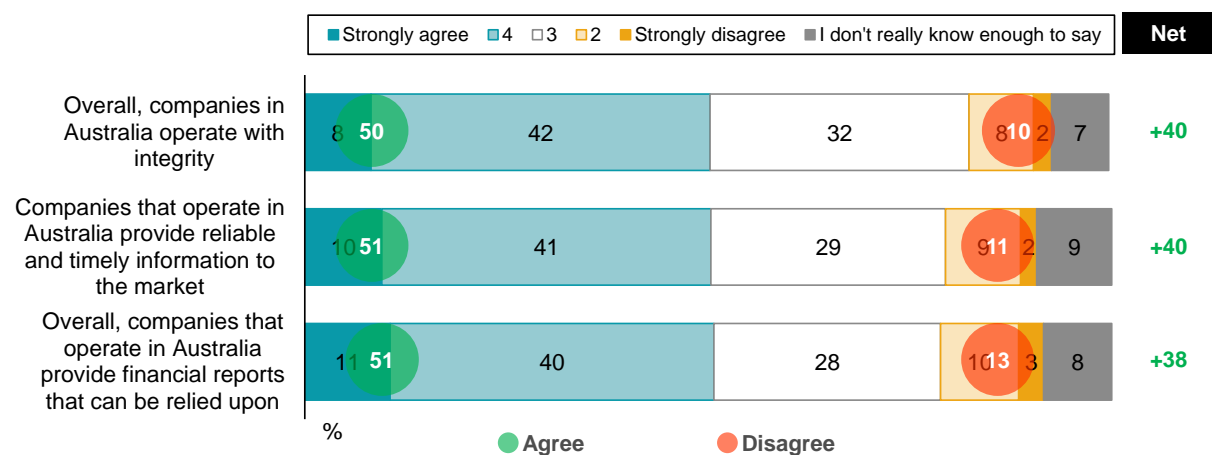
#### Half of all stakeholders agreed that companies operate with integrity

Turning now to the final measure of the perceived fairness and efficiency of the market, the integrity of the relevant gatekeepers, the chart below shows stakeholders' perceptions on three measures of corporate integrity:

- whether companies in Australia operate with integrity
- whether companies provide reliable and timely information to the market
- whether financial reports can be relied upon.

Overall, this was a positive result, with a 'Net' figure for each measure of +38 to +40.

**Figure 31: The integrity of companies; reliable and timely information; financial reports can be relied on**



*Q. These next questions are about the activities of companies in Australia. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that ...? Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1268*

The above chart shows that half of all (50%) stakeholders agreed that companies operate with integrity. A similar proportion (51%) agreed that companies provide reliable and timely information and that financial reports can be relied upon.

<sup>36</sup>The chart referred to in this section is on page 93.

## Quantitative findings by segment

### The regulated population was the most positive

Around two thirds of the regulated population agreed with all three of these statements about corporate integrity (65%, 67% and 66% respectively).<sup>37</sup> Around a third of investors and consumers and 'other stakeholders' also agreed, the remainder being mainly 'neither agree nor disagree' or 'don't know'.

Overall, then, stakeholders' perceptions of the behaviour of Australian companies was more favourable than their view of gatekeepers in the industry, as shown next.

## Do other key gatekeepers in the financial market have integrity?

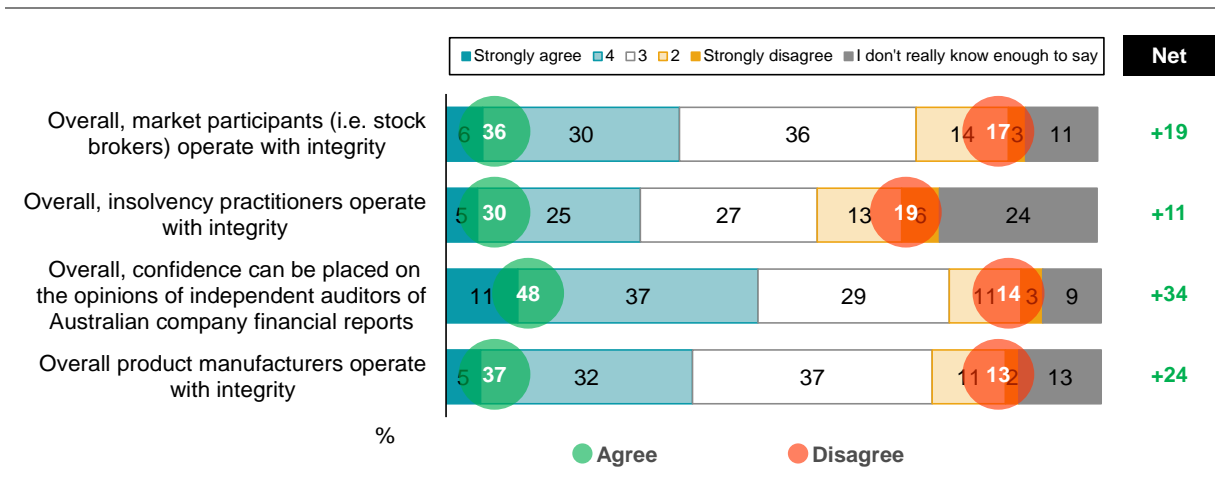
### Quantitative findings

The chart below summarises stakeholders' perceptions of the integrity of four key gatekeepers in the market:

- market participants
- insolvency practitioners
- auditors
- product manufacturers.

Of these, auditors emerged with the best reputation, with a Net score of +34.

**Figure 32: Integrity of participants, insolvency practitioners, independent auditors and product manufactures**



Q. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that in Australia ...? Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1268

<sup>37</sup> The charts referred to in this section are on pages 93 to 94.

The above chart shows that:

- The highest rating went to auditors. One in two (48%) stakeholders overall agreed that 'confidence can be placed on the opinions of independent auditors of Australian company financial reports'.
- Around a third agreed that product manufacturers have integrity (37%) and that market participants have integrity (36%). A somewhat lower proportion (30%) agreed that insolvency practitioners have integrity. In this latter case the 'don't know' was relatively high (24%).

## Quantitative findings by segment

The regulated population was particularly positive towards independent auditors. The high proportion agreeing that 'confidence could be placed on the opinions of independent auditors' came largely from the regulated population. Six in ten (62%) agreed with this statement.<sup>38</sup>

On other gatekeepers, the 'other stakeholder' segment had less knowledge. They were also the only segment to give a Net negative rating, which they did for market participants and product manufacturers.

Although not shown specifically on these charts, small businesses were particularly negative about the integrity of insolvency practitioners. The researchers hypothesise that small businesses may have been negatively affected by business failures and therefore had more contact with insolvency practitioners than 'other stakeholders' may have done.

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<sup>38</sup> The charts referred to in this section are on pages 95 to 96.

# Section 5. Fair and efficient markets: ASIC's performance

## Findings at a glance

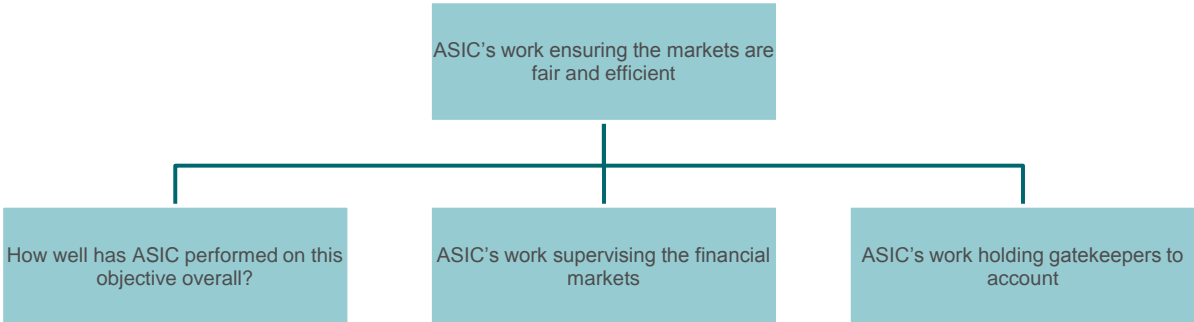
More stakeholders rated ASIC's work on achieving a fair and efficient market positively than rated it negatively.

The majority of stakeholders rated ASIC positively on supervision of the market, and holding gatekeepers to account. Stakeholders were particularly positive about ASIC's holding of market operators to account.

This section describes how stakeholders perceived ASIC's work ensuring the fair and efficient financial markets priority. These questions were asked of stakeholders who were aware of ASIC.<sup>39 40</sup>

The section has the structure shown below:

**Figure 33:** The structure of this section



<sup>39</sup> Where noted, some questions were not asked of consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF.

<sup>40</sup> The charts showing these results by segment are on pages 97 to 101.

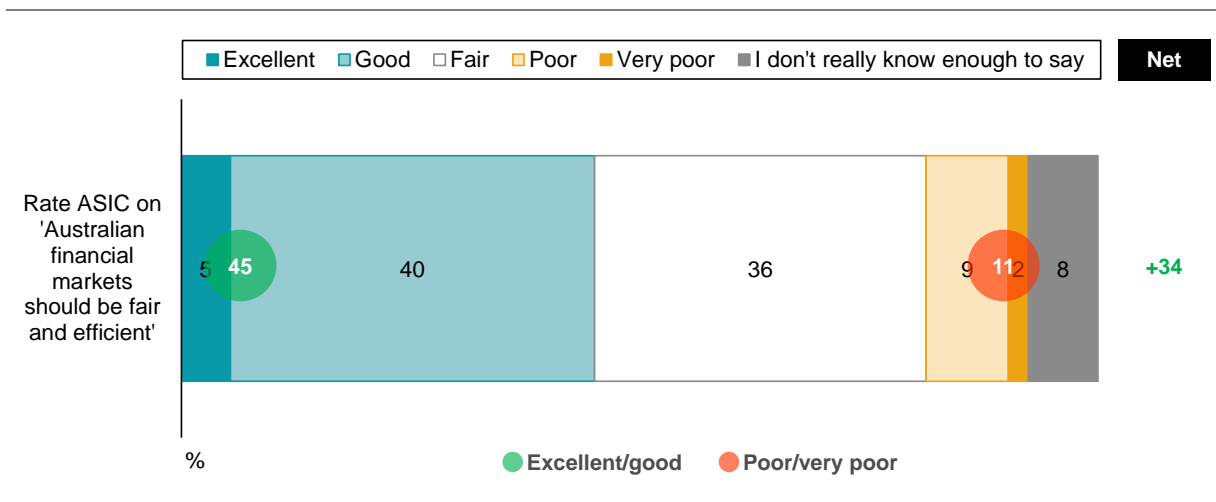
# ASIC's performance ensuring fair and efficient markets

## Quantitative findings

### More stakeholders rated ASIC's work achieving a fair and efficient market positively than rated it negatively

The chart below shows the proportions of stakeholders aware of ASIC rating ASIC 'excellent', 'good', 'fair', 'poor' or 'very poor' on this measure. The Net figure of +34 was one of the higher Net figures seen in this study, and represents an endorsement of ASIC's work.

**Figure 34: ASIC's performance ensuring markets are fair and efficient**



Q. One of ASIC's objectives is that Australian financial markets should be fair and efficient. Based on what you know of ASIC's activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as... Base: all stakeholders aware of ASIC. N=1329

The above chart shows that:

- Over four in ten (45%) stakeholders rated ASIC's performance as 'excellent' or 'good' on ensuring that the markets are fair and efficient.
- One in three (36%) gave a rating of 'fair'.
- One in ten (11%) rated ASIC 'poor' or 'very poor'.

## Quantitative findings by segment

### This positive response was broadly similar across the stakeholder segments

All segments rated ASIC positively on this measure, though it was strongest among the regulated population, of whom just under six in ten (58%) expressed this favourable view.<sup>41</sup>

<sup>41</sup> The charts referred to in this section are on page 97.



# How do stakeholders assess ASIC’s work supervising the financial markets?

## Quantitative findings

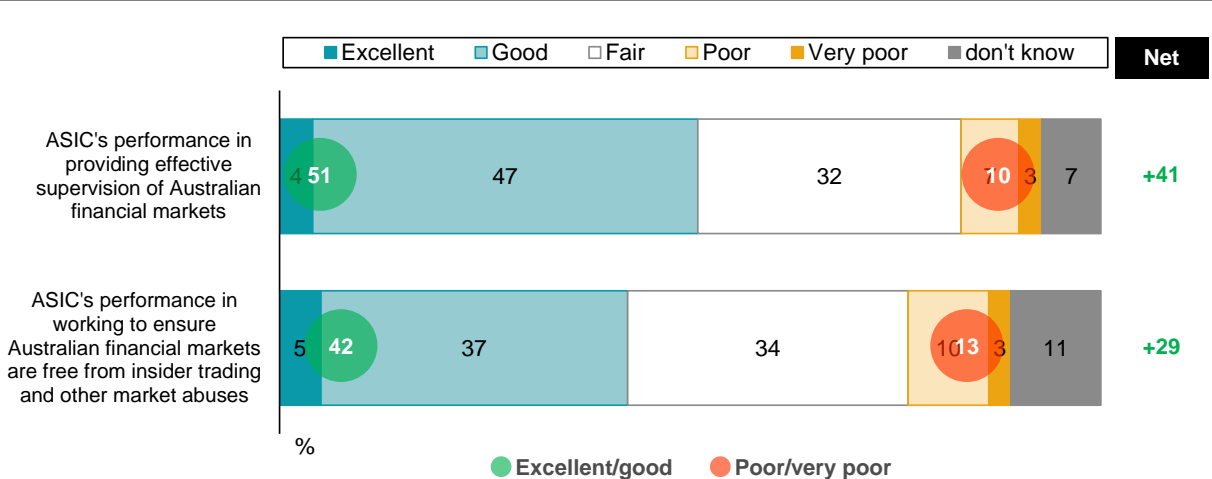
### The majority of stakeholders rated ASIC positively on its supervision of the market

Two key components of ASIC’s performance in ensuring that the markets are fair and efficient are:

- supervision of the financial market, and
- keeping the market free from insider trading and other market abuses.

ASIC’s supervision of the financial markets received one of the higher Net scores in the study, at +41 indicating that positive ratings ('excellent' or 'good') considerably outweighed negative ('poor' or 'very poor').<sup>42</sup>

**Figure 35: Effective supervision and insider trading**



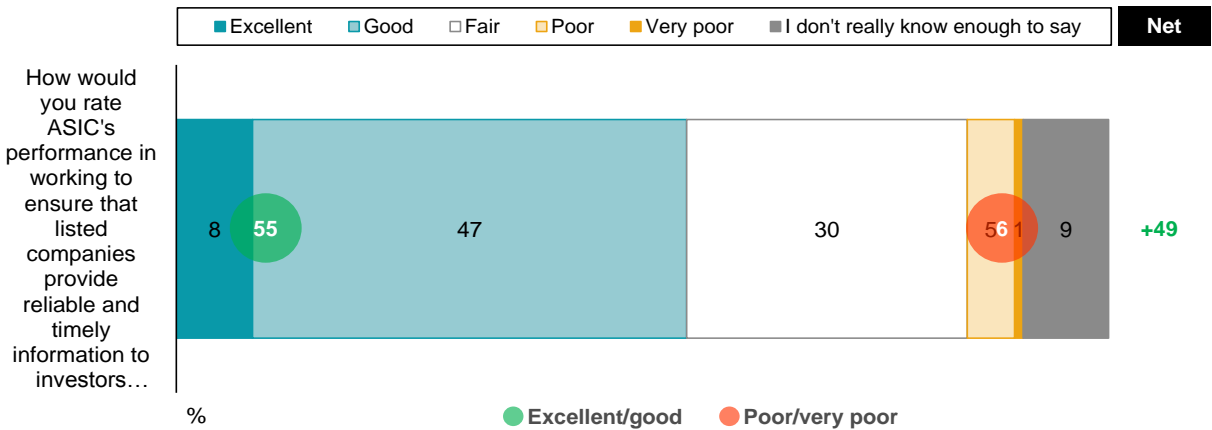
*Q. Overall, how would you rate ASIC’s performance in providing effective supervision of Australian financial markets? Would you rate it as ....Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200*

The above chart shows that stakeholders were generally positive about ASIC’s performance supervising the market (51%) and keeping the financial markets free from insider trading (42%).

A related measure was whether stakeholders perceived that ASIC was effective in ensuring that companies provide timely and reliable information to investors. This chart is shown overleaf. Again, the overall results are positive.

<sup>42</sup>Where noted, some questions were not asked of consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF.

**Figure 36: Ensuring companies provide reliable and timely information to investors**



Q Overall, how would you rate ASIC's performance in working to ensure that listed companies (that is companies listed on a stock exchange in Australia) provide reliable and timely information to investors and the market? Would you rate it as..... Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200

### Quantitative findings by segment

#### The regulated population expressed the most confidence in the market

The regulated population expressed the most positive views of all the stakeholder segments. The regulated population rated ASIC highly on all three measures: 52% for keeping Australia free from insider trading, 59% for effective supervision and a high 69% for ensuring that companies provide reliable and timely information to the market.<sup>43</sup> As one said:

*"ASIC is on to it."* (Industry association)

While the 'other stakeholder' segment concurred with the regulated population about ASIC's work in providing effective supervision and the provision of market information, this segment was less positive about market misconduct. A relatively low one third (36%) of 'other stakeholders' rated ASIC's performance 'excellent' or 'good' in keeping Australia free of insider trading and other market abuses.

Investors and consumers were the least positive overall, even taking into account some 'don't knows'. A third (33%) gave an 'excellent' or 'good' rating to ASIC's work in keeping Australia free from insider trading and other market abuses.

### Qualitative insights

#### ASIC's performance in preventing market abuses (such as insider trading)

Industry associations were broadly positive about ASIC's work in this area.

*"Since they took over, the time between detection and action has shortened."* (Industry association)

*"It is a feather in their cap."* (Industry association)

However, some investors and consumers expressed some concerns that a lot of insider trading and the leakage of price-sensitive information have gone undetected. Agreeing with this, one industry association representative said:

<sup>43</sup>The charts referred to in this section are on pages 97 to 98.

“ASIC has not put people’s mind at rest on insider trading.” (Industry association)

Some people had concerns about these issues and some did not. These issues may lie dormant in some people’s minds until they hear publicity about it.

“I only have access to what is in the public domain.” (Investor/consumer)

## How well is ASIC holding relevant gatekeepers to account?

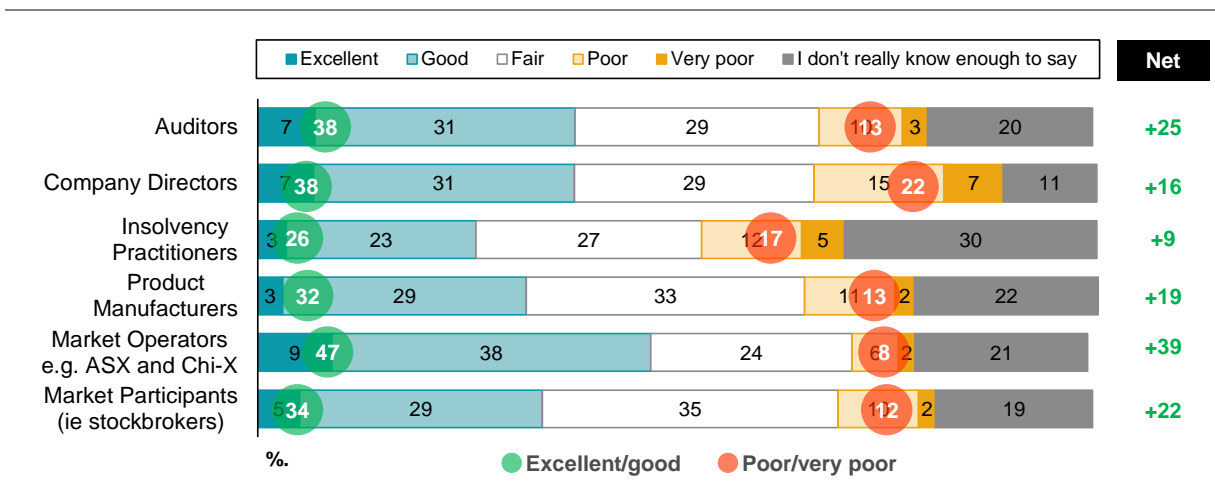
### Quantitative findings

#### Stakeholders were particularly positive about ASIC’s holding of market operators to account

Stakeholders rated their perception of ASIC’s performance in holding the gatekeepers relevant to this priority to account (that is, ensuring they act honestly, diligently, competently and with independence) using the ‘excellent’ to ‘very poor’ scale, as seen in the following chart.

Scanning the circles on the left hand side of the chart which represent the combined ‘excellent’ and ‘good’ scores, it is clear that stakeholders were most positive about ASIC’s work holding market operators to account: 47% rated ASIC excellent or good on this.

**Figure 37: ASIC’s work holding gatekeepers to account**



Q. ASIC focuses on holding ‘gatekeepers’ in the Australian financial system to account. This means ensuring that the people who work in the occupations listed below act honestly, diligently, competently and with independence. How would you rate ASIC’s performance in holding each of the following to account? Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200

Describing this chart in more detail – in order of positive to negative perceptions:

- One in two (47%) rated ASIC ‘excellent’ or ‘good’ on holding market operators such as ASX and Chi-X to account.
- This was higher than the proportion rating ASIC positively on holding auditors (38%) and company directors (38%) to account. Note also that a small proportion (22%) gave ASIC a negative rating on the company directors’ measure.
- Three in ten rated ASIC positively for holding market participants (34%) and product manufacturers (32%) to account.
- Only one in four (26%) rated ASIC positively for holding insolvency practitioners to account. While there was a substantial ‘don’t know’ to this (30%), the ‘poor’ or ‘very poor’ rating was also the second highest.

Overall, it is worth noting that the proportion saying 'I don't know' was quite high, especially for insolvency practitioners.

## Quantitative findings by segment

### Stakeholders had different views on this issue

The regulated population gave the highest rating on these measures, driven in many cases by familiarity with ASIC's work.<sup>44</sup>

Investors and consumers and 'other stakeholders' appeared to be less convinced or aware of ASIC holding company directors to account; both groups reported a reasonably high level of 'don't know' responses, and the negative rating was higher in each case.

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<sup>44</sup>The charts referred to in this section are on pages 99 to 101.

## Section 6. Efficient registration and licensing

### Findings at a glance

Most stakeholders who had used ASIC's registration and licensing services in the last 12 months found the process to be easy and efficient, and considered that it took a reasonable length of time and was cost effective.

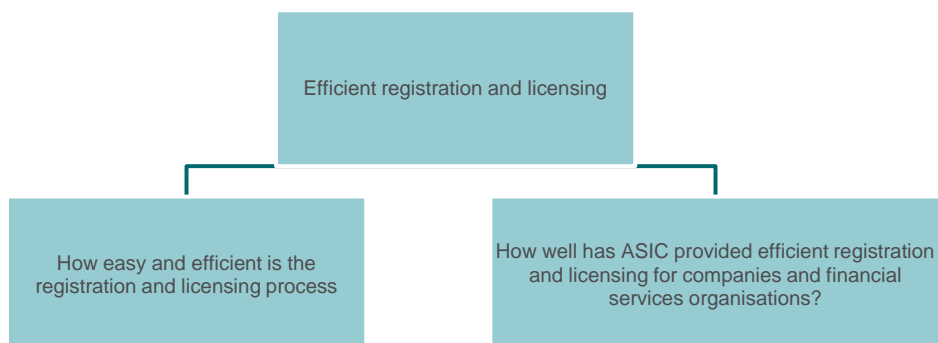
The overall rating for ASIC on meeting the strategic objective of efficient registration and licensing of companies was positive, as it was to a slightly lesser extent for efficient registration and licensing for the financial services industry.

This section of the report describes perceptions on the third strategic objective, efficient licensing and registration.<sup>45</sup>

A key difference in the reporting approach here is that the focus is almost exclusively on the regulated population and small business sectors, as the most frequent users of these services.

The diagram below shows the topics covered in this section:

**Figure 38:** The structure of this section



<sup>45</sup> The charts referred to in this section are on pages 102 to 105.

# Perception of registration and licensing processes

## Quantitative findings

### Easy, efficient, taking a reasonable length of time and cost-effective

This section starts by describing the experiences of stakeholders conducting one or more of the following activities through ASIC's registration and licensing systems.

**Figure 39: Registering and licensing in the last 12 months**

Registering and licensing in the last 12 months	
Base = all stakeholders	%
Registered a business name	20
Registered as a liquidator	2
Registered as an approved self-managed superannuation fund (SMSF) auditor	1
Registered as a company	8
Registered as a company auditor	1
Applied for an AFS licence	4
Applied for a credit licence	2
Registered a managed investment scheme	3
Other	7
None of these	52

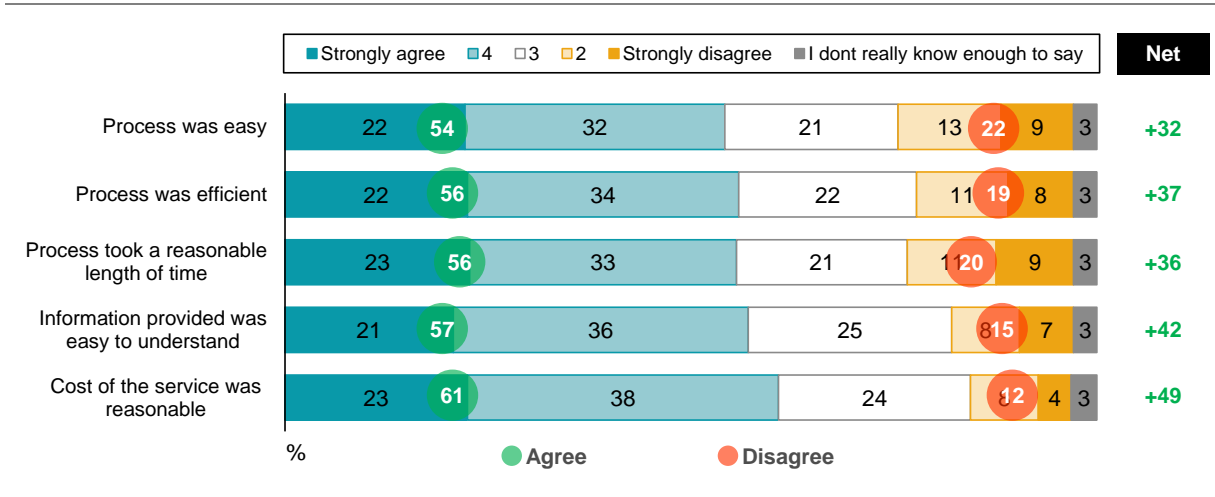
*Q. In your role as ... which of the following have you personally done with ASIC in the last twelve months? Base: regulated population and small business. N=635.*

- One in five (20%) had registered a business name.
- About one in ten (8%) had registered a company.
- One in twenty five (4%) had applied for an AFS license.

Some stakeholders had done more than one of these, so the survey asked them to focus on the one that they had done most recently when answering the following questions.

Stakeholders who had used the services gave their opinion of each statement below for their most recent activity. About half of all stakeholders considered the process of registering or applying for a licence to be easy, efficient, and to take a reasonable length of time.

**Figure 40: Registration and licensing**



Q. Which of these did you do most recently? ...Thinking about the process when you ... and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that... Base: regulated population and small business, who did one or more of the activities in the last 12 months. N=347

The above chart shows that:

- Over half had a positive experience of registration and licensing on all of the measures tested: reasonable cost, easy to understand information, reasonable time taken and an easy and efficient process.
- The cost of the service was the most strongly positive measure, with 61% expressing a positive opinion.
- The attributes to receive the most negative ratings were that it was 'easy' (22% negative) and 'takes a reasonable length of time' with 20% of users giving this rating.

## Quantitative findings by segment

### The regulated population gave higher ratings than did small business

The regulated population was more positive on these measures than those from small businesses<sup>46</sup>. In particular, small businesses were more likely to be critical of the cost of the process, and how long it took.<sup>47</sup>

Some of the negative ratings from small businesses came from a small number of stakeholders who had registered to take part in the survey through the ASIC website. It is difficult to generalise these findings on small business as a whole because the sample from the website registrations was not a representative sample. Even taking this into account however, the finding that the regulated population was more positive than small business still stands.

The above questions were asked of stakeholders who had used the services in the last 12 months. The report now explores all stakeholders' perceptions of the efficiency of ASIC's registration and licensing services.

<sup>46</sup> As described in the Method section, the 'investors and consumers' stakeholder segment includes small businesses. However, as small businesses are a key stakeholder for ASIC's registration and licensing, this segment has been analysed separately just for this section.

<sup>47</sup>The charts referred to in this section are on pages 102 to 104

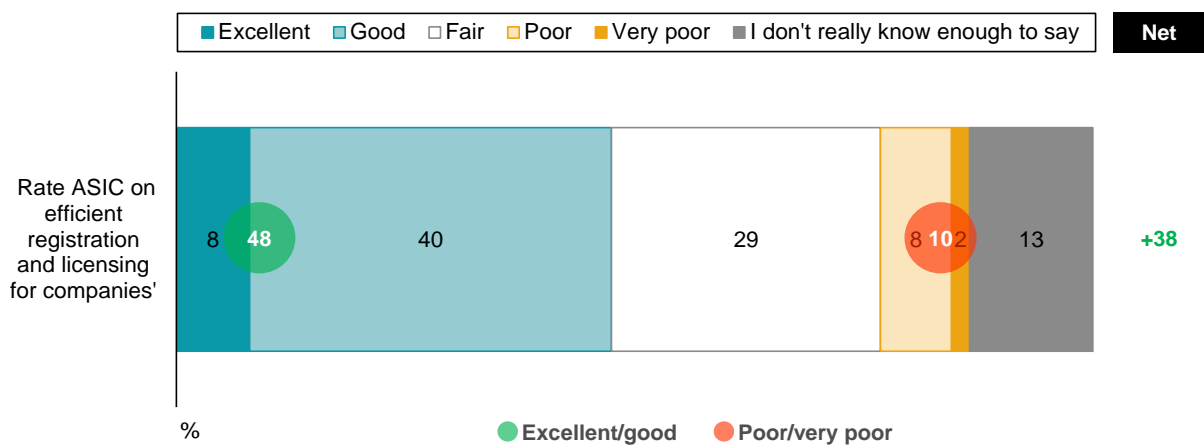
# ASIC's performance ensuring efficient registration and licensing

## Quantitative findings

### Among stakeholders overall, ratings of ASIC's registration and licensing were generally positive

The chart below shows the proportions rating ASIC 'excellent', 'good', 'fair', 'poor' or 'very poor' on ASIC's performance in delivering on its objective to provide efficient company registration and licensing. The high Net figure of +38 indicates that positive ratings outweighed negative ones.

**Figure 41: ASIC's registration and licensing of companies**



Q. Efficient registration and licensing for companies. Based on what you know of ASIC and its activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as... Base: all stakeholders aware of ASIC. N=1329

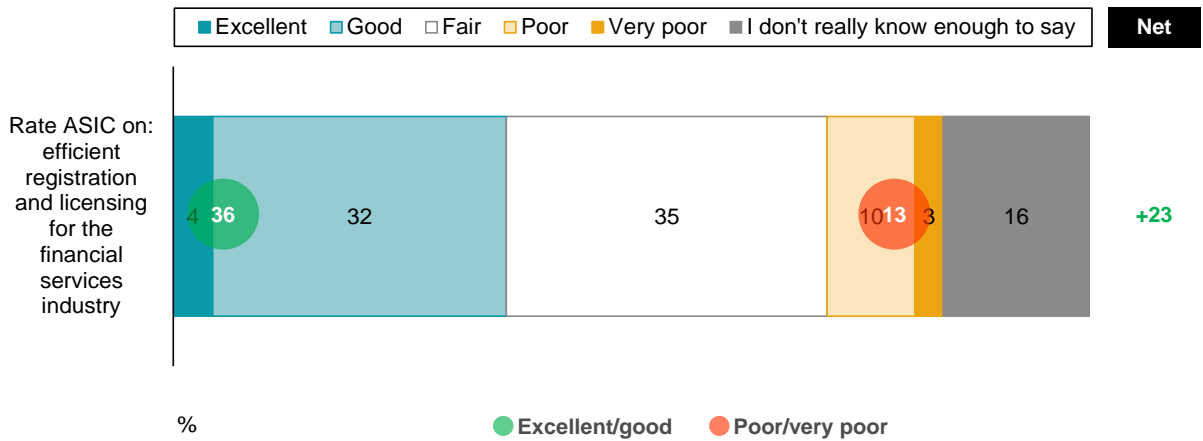
The above chart shows that:

- Overall, about half (48%) of all stakeholders aware of ASIC rated ASIC as 'excellent' or 'good'.
- Three in ten (29%) rated ASIC 'fair'.
- One in ten (10%) rated ASIC as 'poor' or 'very poor'.
- A small proportion (13%) did not know.

The next chart shows stakeholders' perceptions of the efficiency of registering and licensing of financial services organisations. While still Net positive, these results were less favourable than the one shown above, with a Net of +23.



**Figure 42: ASIC's registration and licensing of financial services**



Q. Efficient registration and licensing for the financial services industry. Based on what you know of ASIC and its activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as .... Base: all stakeholders aware of ASIC. N=1329

The difference between this and the company rating was partly the proportion rating it 'fair' (35%) and partly in the proportion saying 'I don't know'. As shown above:

- One third (36%) rated ASIC 'excellent' or 'good' on this measure.
- An equivalent proportion (35%) gave a rating of 'fair'.
- 13% rated 'poor' or 'very poor'.
- One in six (16%) did not know.

### Quantitative findings by segment

#### The regulated population gave the highest rating – small business the lowest

On both these measures, the regulated population rated ASIC more positively on efficient registration and licensing than did 'other stakeholders'. Small businesses gave the lowest positive rating and the highest negative rating.

## Section 7. Perceptions about ASIC's activities

### Findings at a glance

On enforcement issues, stakeholders were the most positive about ASIC being transparent about its reasons for taking enforcement action. A third (36%) gave a rating of 'excellent' or 'good'.

Stakeholders were divided in their views on whether ASIC acts quickly to investigate potential misconduct, and penalises where misconduct has occurred. A similarly divided result occurred for ASIC taking on the big and difficult cases, and being consistent in taking enforcement action.

A relatively high proportion of stakeholders rated as 'fair' ASIC's work detecting unlawful conduct and deterring individuals or organisations from engaging in misconduct.

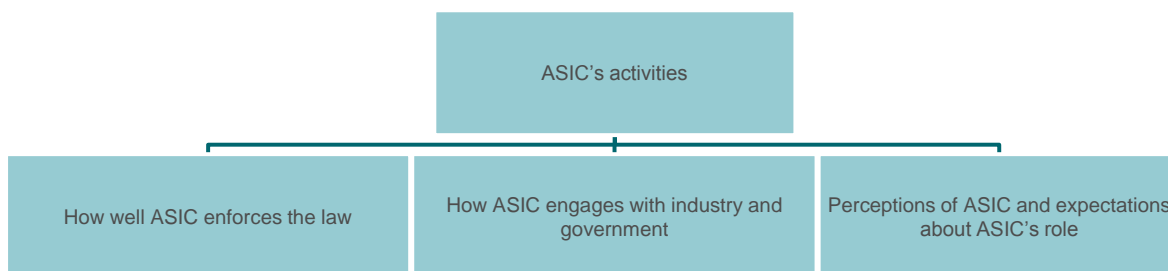
The regulated population was broadly positive about ASIC's monitoring of compliance in their industry, and about ASIC's engaging with industry to identify risk, and providing guidance.

In terms of more holistic perceptions of ASIC, more stakeholders agreed than disagreed that ASIC 'acts in a professional manner', 'acts fairly towards all organisations and people', 'understands the industries and markets it regulates' and 'promotes confidence in Australia's financial system'.

Stakeholders were evenly divided as to whether ASIC 'communicates clearly' and understands business's needs. Only a few agreed that ASIC 'is reducing the red tape associated with compliance'. Three in ten (29%) believed that ASIC was 'not sufficiently resourced to do its job properly'.

This final section covers stakeholder perceptions of the way in which ASIC enforces the law, how well ASIC engages with industry and government, and describes overall perceptions and expectations of ASIC.<sup>48 49</sup> The following diagram shows what is included in this section.

**Figure 43: The structure of this section**



<sup>48</sup> Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF.

<sup>49</sup> The charts showing these results by segment are on pages 106 to 117.

# How well does ASIC enforce the law?

## Quantitative findings

### Stakeholders were divided in their views of ASIC's enforcement activities

Stakeholders were asked about their perception of ASIC's law enforcement activities. The first chart below shows how stakeholders assessed ASIC on:

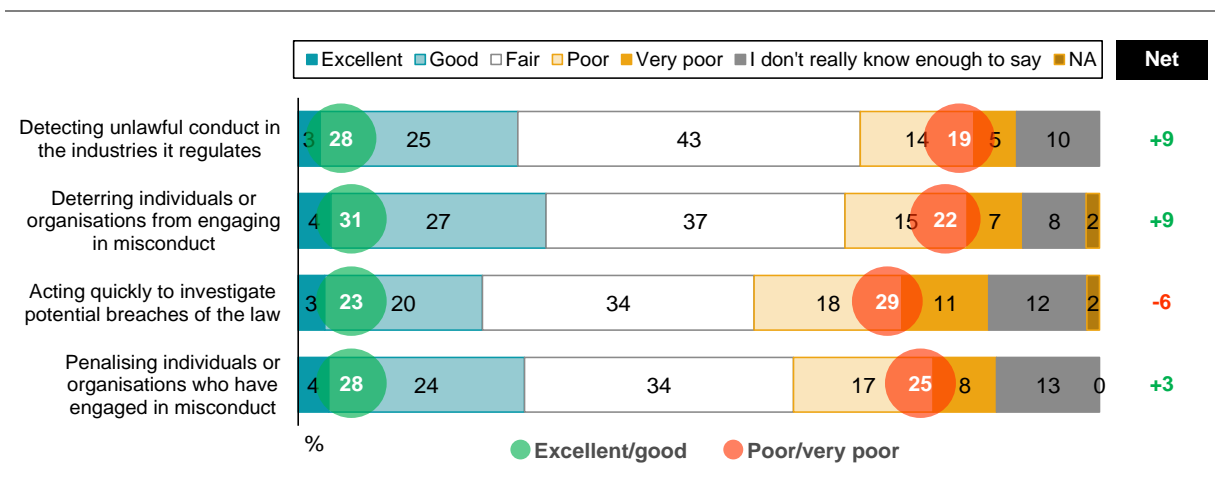
- detecting unlawful conduct
- deterring individuals and organisations from engaging in misconduct
- acting quickly to investigate potential breaches of the law
- penalising individuals and organisations who have engaged in misconduct.

The second chart shows the rating on three further criteria:

- taking on big and difficult cases
- being consistent with enforcement action
- being transparent about the reasons for taking enforcement action.

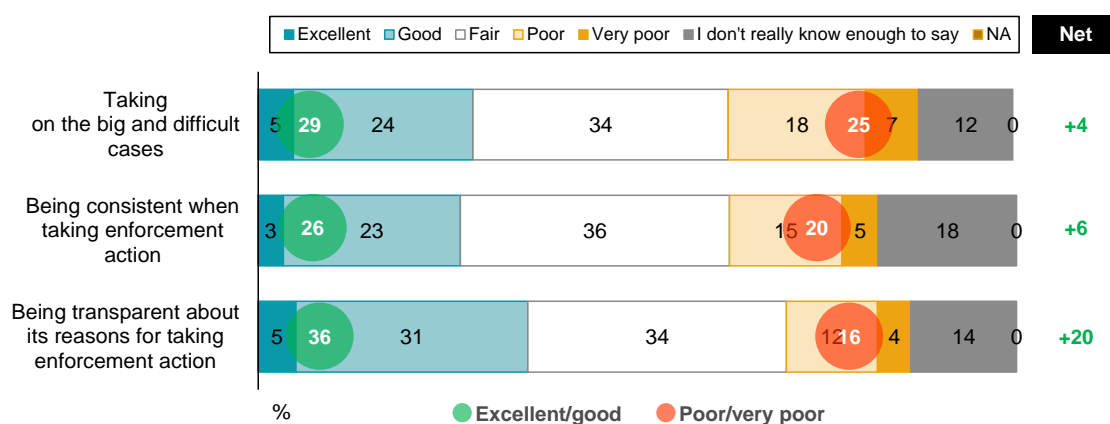
The most significant finding here was the low Net score, compared with those seen in the other sections. This lower Net score (the difference between the top 2 and the bottom 2 ratings) indicates that the issues divided stakeholders.

**Figure 44: How ASIC enforces the law (Part 1)**



Q. These next questions ask about your perception of how well ASIC enforces the law. Base: all stakeholders aware of ASIC, - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200

**Figure 45: How ASIC enforces the law (Part 2)**



Q. These next questions ask about your perception of how well ASIC enforces the law. Base: all stakeholders aware of ASIC, - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200

The above charts show that:

- The most positive result was for ASIC being transparent about its reasons for taking enforcement action.
- Stakeholders gave the most negative rating to the idea that ASIC acts quickly to investigate breaches of the law.
- Stakeholders were divided in their views on ASIC’s penalties where misconduct has occurred. A similarly divided result occurred for ASIC taking on the big and difficult cases. A relatively high proportion of stakeholders rated as ‘fair’ ASIC’s work detecting unlawful conduct and deterring individuals or organisations from engaging in misconduct.

## Quantitative findings by segment

All three stakeholder segments held broadly similar views on ASIC’s detection, speed of action, consistency of approach and taking on big and difficult cases.<sup>50</sup>

The regulated population rated ASIC more positively on deterring misconduct and being transparent about its reasons for taking enforcement action than ‘other stakeholders’ did. Investors and consumers in particular gave negative ratings on deterrence, acting quickly, and imposing penalties. Investors and consumers also had a relatively high proportion of ‘don’t know’ responses across all of these questions.

## Qualitative insights

### The regulated population and investors and consumers held very different expectations of how ASIC should enforce the law

The segments may have rated ASIC similarly, but they often had very different expectations about how ASIC should perform this role. Qualitative research revealed that given ASIC’s diverse range of stakeholders with various perspectives on enforcement, selecting the appropriate penalty can be a challenge.

- Investors and consumers wanted to see ASIC focus on imposing sanctions.
- Industry wanted a more collaborative approach from ASIC rather than ‘a big stick’ approach.

<sup>50</sup> The charts showing these results by segment are on pages 106 to 109.

## Investors and consumers wanted to see ASIC focus on imposing sanctions

This quote sums up many investors' and consumers' views:

*"They are there to monitor the companies – and for the companies to know that they are there watching them... and if they do step out of line then ASIC can come down on them with a big stick, which will then make investors feel confident in investing in the market."*

(Investor/consumer)

Many investors and consumers said they wanted and expected to see people jailed.

*"With ASIC the bite is more like a playful puppy nip, it's there but not near hard enough. I don't think fines are enough, we should be like the USA, not a case of will you go to jail, but a case of for how long."* (Investor/consumer)

## Industry wanted a more collaborative approach

In contrast to the investor/consumer view, some industry associations felt that the "big stick" approach would be counter-productive. For them the idea of a public display – as they said "a head on a pole" - could make that sector of the industry less, rather than more, engaged with ASIC. Instead, they argued that fines and loss of licence are significant penalties in many cases. Some also argued that it was more appropriate in some cases for transgressors to be "rehabilitated". (Industry association)

*"They have moved from holding a big stick to working with people to change the situation."*  
(Consumer organisation)

## All stakeholders wanted to see ASIC win its cases

There was one point on which all segments seemed to agree and that was the need for them to "see some wins". Regardless of which segment they were in, most stakeholders felt that successes and wins by ASIC worked effectively as a deterrent.

*"A number of successes is important in influencing the public mind."* (Industry association)

*"I feel ASIC don't have too many wins! That perception could be incorrect but that is my opinion based on my exposure."* (Investor/consumer)

One consumer organisation was happy to see ASIC at least take on these big and difficult cases even if they may not win. *"I would like them to take on more big cases and be prepared to lose."* (Consumer organisation), or as one industry association put it *"it is good to see them try.... because it 'sends a message'."*

For some investors and consumers, ASIC was seen as being an effective enforcer of the law and achieving these important 'wins'.

*"I think ASIC has come a long way since earlier days... they are harsher and more on the look out... exactly what the industry needs. Their watchful eye is cleaning up the industry slowly; everyday a new director or company is disciplined or struck off... this is an eye opener to all entities out there to beware!"* (Investor/consumer)

However, overall the research highlighted that people, particularly investors and consumers, are more likely to hear about, and remember, the lost cases.

*"I rarely hear them in the media. You do hear a lot of ASIC when a high profile Director is getting caught, you hear about how hard they are going to come down on that particular person and then when the person walks away with a smile and a minor penalty - not a word from ASIC."*  
(Investor/consumer)

# How well does ASIC engage with industry?

## Quantitative findings

### The regulated population was broadly positive about how ASIC engages with industry

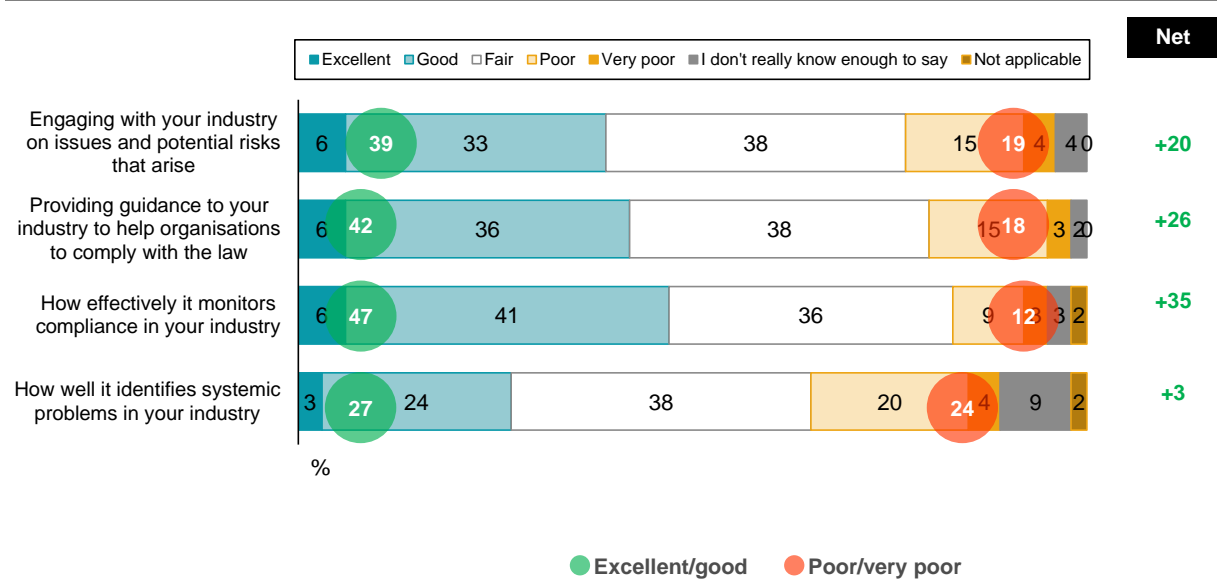
The following question was asked of the regulated population only.

The survey assessed how well ASIC had engaged with them using the following four criteria:

- engaging with your industry on issues and potential risks that arise
- providing guidance to your industry to help organisations to comply with the law
- how effectively it monitors compliance in your industry
- how well it identifies systemic problems in your industry.

The results are shown in the chart below. Almost half (47%) rated ASIC as 'excellent' or 'good' on how effectively compliance is monitored in their industry. This was much higher than the negative rating on this issue.

**Figure 46: ASIC's performance engaging with industry**



Q. Thinking from your perspective as a (FROM S1) and focusing on your industry now, overall how would you rate ASIC on... Would you rate it as... Base = regulated population only. N= 593.

The chart above shows that:

- On engaging with industry and providing guidance to industry, the regulated population rated ASIC 'good' or 'fair'.
- On the fourth criterion – identifying systemic problems in industry - the proportion of positive responses fell to 27%. One in four (24%) rated ASIC 'poor' or 'very poor' on this measure with the Net figure of three.

## Qualitative insights

### How well ASIC engages with industry associations

For industry associations, two powerful determinants of perceptions of ASIC appeared to be:

- ASIC's level of engagement with the industry, and
- Industry associations' attitude to ASIC's approach to guidance.

### ASIC's level of engagement with industry

Some industry associations explained that ASIC has been *"more willing to interact"* with industry in recent years, which has led to more engagement. The industry associations' view was that this engagement led to outcomes for industry which were achievable, which in turn increased their level of cooperation.

*"They rate highly on engagement - they do try to be open."* (Industry association)

*"As responsive as they can be, given the bureaucracy."* (Industry association)

Some particularly noted that their relationship with *"senior"* people at ASIC had shown the most improvement in the last two years.

However, some associations seemed to have been less engaged, with one stating that ASIC *"has not been very responsive"*.

### Associations' attitude to ASIC's approach to guidance

Notwithstanding the positive rating that the regulated population gave ASIC for its guidance material, some of the industry associations made some specific criticisms of ASIC's approach in this area. There was a feeling among some that ASIC was using guidance inappropriately, that it was becoming *"regulation by guidance ... which is not their role."* (Industry association)

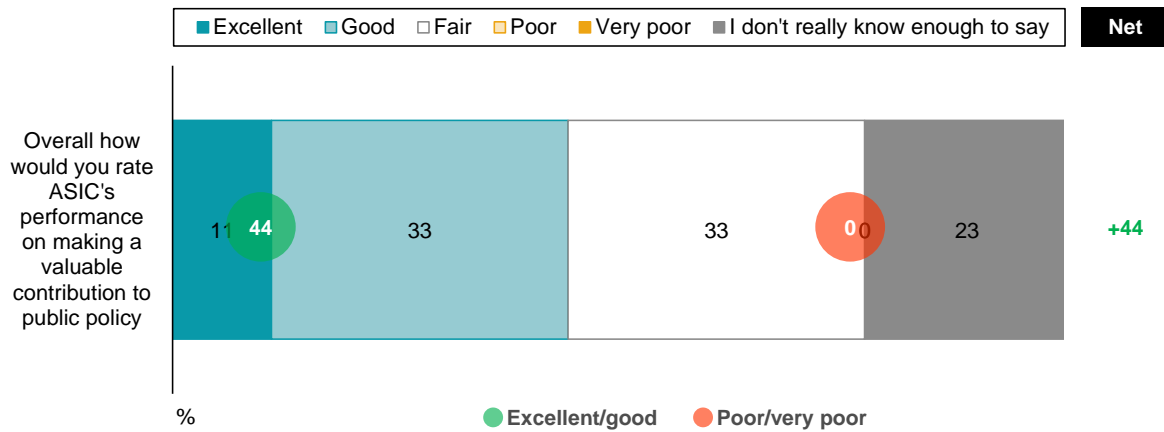
Another felt that there was a potential danger that a regulator could create *"guidance in a bubble"*, saying that the suggested guidance had to have a *"sound basis"* because *"there's no point in issuing guidance that people can't adhere to."* (Industry association)

Several industry associations mentioned difficulties that they have experienced implementing some of the legislated changes following recent financial reforms – some have a view that ASIC does not understand the costs to business, or the timeframes that businesses need to work with to implement the required changes. As they said *"It's no one's fault; they just need to consult industry more."*

## How well does ASIC engage with government?

Turning now to ASIC's work with government on matters of public policy, a small number of stakeholders who work with ASIC on public policy issues were asked to assess ASIC's performance. The chart below should be interpreted with caution, as the sample size was only nine people.

**Figure 47: ASIC's work with government agencies**



Q Thinking now about ASIC and the way it works with government agencies, overall how would you rate ASIC's performance on making a valuable contribution to public policy development. N = 9.

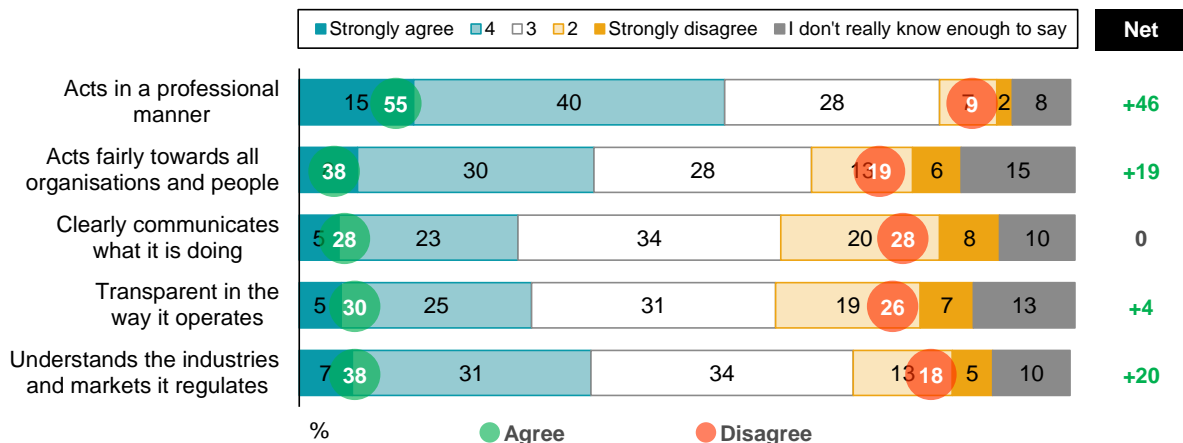
Overall, it appears that government was positive about the contribution ASIC makes through its policy advice.

## Overall perceptions of ASIC

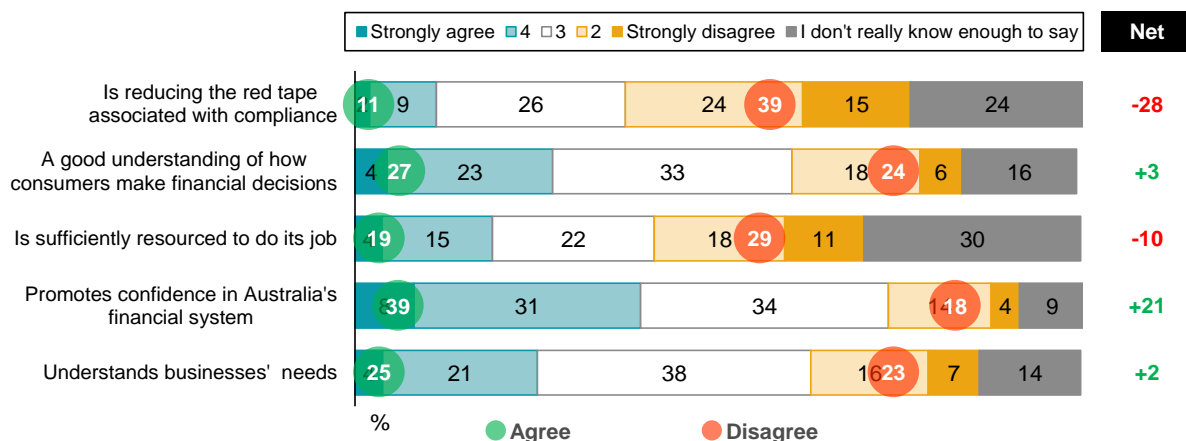
### Quantitative findings

So far the report has examined stakeholders' perceptions of ASIC in specific terms, such as in assessing how well ASIC holds gatekeepers to account, or how well ASIC enforces the law. The report turns now to more holistic perceptions, as shown in the two charts below, which measures such opinions as whether ASIC 'acts in professional manner' or 'acts fairly towards all organisations and people'.

**Figure 48: Overall perceptions of ASIC**







Q. These next questions ask about your perceptions of ASIC in more detail. 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that... how strongly do you agree or disagree with the opinions expressed below? Base = all aware of ASIC. N= 1329.

The above two charts show that:

- Stakeholders were generally positive that ASIC ‘acts in a professional manner’, ‘acts fairly towards all organisations and people’, ‘understands the industries and markets it regulates’, and ‘promotes confidence in Australia’s financial system’.
- Stakeholders were evenly divided as to whether ASIC ‘communicates clearly what it is doing’ and ‘understands business’s needs’.
- Only one in ten (11%) agreed - indeed four in ten (39%) disagreed - that ASIC ‘is reducing the red tape associated with compliance’. Three in ten (29%) believed that ASIC was ‘not sufficiently resourced to do its job properly’ - though the ‘don’t know’ here was particularly high.

## Quantitative findings by segment

All stakeholders agreed that ASIC acts in a professional manner, but was not reducing red tape.<sup>51</sup>

For the regulated population, the attribute they most agreed with was that ASIC promotes confidence in the financial system.

The regulated population did not agree that ASIC ‘has a good understanding of how consumers make financial decisions’, nor did they agree that ASIC ‘understands business’s needs’.

For ‘other stakeholders’, the attribute they most agreed with was that ASIC acts ‘fairly’.

For investors and consumers, ASIC ‘understands the industries and market it regulates’, but does not communicate clearly.

## Qualitative insights

### Lack of awareness of what ASIC was doing

Many investors and consumers in the qualitative research explained that they would like to be more aware of what ASIC was doing, especially its smaller successes, on a regular basis.

*“They need a strong media presence.”* (Investor/consumer)

<sup>51</sup> The charts showing these results by segment are on pages 109 to 114.

*“How well they do their job? I only know what I read in the press and there was a none-too-flattering piece in the newspaper.” (Investor/consumer)*

*“Perhaps one of the problems with a negative public perception of ASIC is just that – we only tend to hear of them when things have gone terribly badly for the investors – and ASIC come in right at the end, like the big friendly giant. Maybe ASIC should have some kind of information distribution when shares are purchased or when holding certificates are issued and be more proactive about their roles and responses.” (Investor/consumer)*

In some ways, this was also true of industry and consumer associations:

*“We don’t know they have taken action until they issued the press release.” (Industry association)*

*“They keep this stuff to themselves. We don’t know when they’re doing stuff behind the scenes and sometimes with good reason.” (Consumer organisation)*

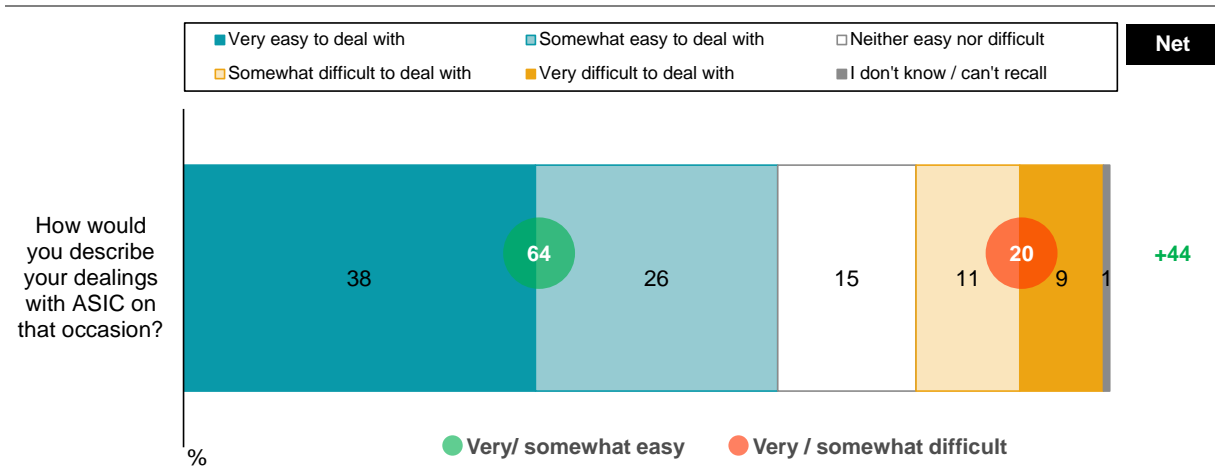
## Dealing with ASIC

### Quantitative findings

The next chart shows the perceptions of those businesses and individuals who had contact with ASIC in the last twelve months.

When asked how easy or difficult ASIC was to deal with, two in three (64%) reported that ASIC was ‘very’ or ‘somewhat’ easy to deal with.

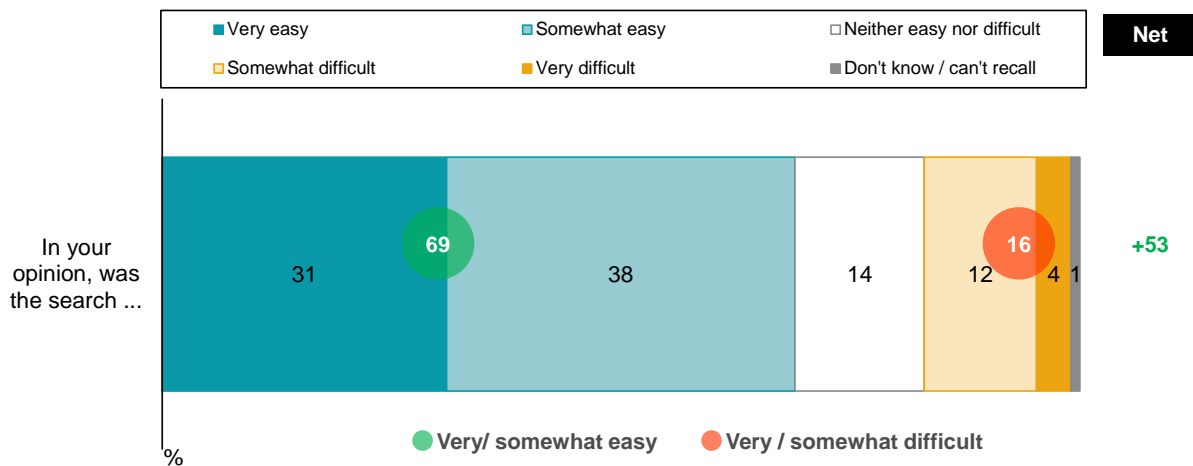
**Figure 49: How easy or difficult ASIC is to deal with**



Q. How would you describe your dealings with ASIC. Base = all dealt with ASIC last 12 months. N=619

As far as website searching was concerned, the view was similarly positive overall.

**Figure 50: How easy or difficult was ASIC’s website search**



Q. Have you visited the ASIC website to do a search in the last twelve months? IF YES, in your opinion, was the search...  
 Base= all searched last 12 months. N=724

This chart shows that two thirds (69%) of stakeholders who had conducted a website search considered it very or somewhat easy.

### Quantitative findings by segment

#### The ‘other stakeholder’ segment held the most positive view - and small business the least

Three in four (75%) of the ‘other stakeholder’ group who had had dealings with ASIC rated ASIC as ‘very’ or ‘somewhat’ easy to deal with. A similar proportion rated the website search positively.<sup>52</sup>

However, small business users did not share this view - one in four (23%) of the small businesses who had dealt with ASIC rated ASIC as ‘very’ or ‘somewhat’ difficult to deal with. Many of these small business people with a negative experience had done a website search, which they also rated negatively.<sup>53</sup>

<sup>52</sup>The charts referred to in this section are on pages 114 to 115.

<sup>53</sup> Some of the small businesses with a negative view had opted into the survey via the ASIC website. While it is important to acknowledge their views, it must be said that the small sample of respondents from the website invitation was self-selected and therefore not necessarily representative of all small businesses.

# Activities that ASIC should focus on

## Quantitative findings

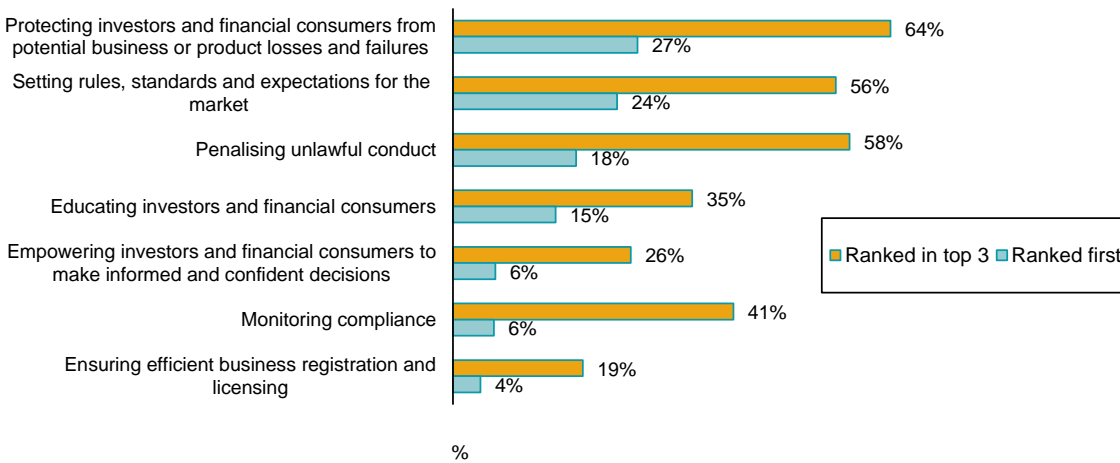
By way of conclusion, this report discusses the results of this question: ‘Given its role as the corporate, markets and financial services regulator, how you believe ASIC should prioritise its activities?’

In the survey, stakeholders were shown a list of seven activities to put in rank order. These were:

- Educating investors and financial consumers.
- Penalising unlawful conduct.
- Protecting investors and financial consumers by holding gatekeepers to account.
- Setting rules, standards and expectations for the market.
- Ensuring efficient business registration and licensing.
- Monitoring compliance.
- Empowering investors and financial consumers to make informed and confident decisions.

Stakeholders rank-ordered which of these they believed should be ASIC’s top three activities. The chart below shows the proportion of stakeholders ranking the activity in the top three, and the proportion ranking it first. Note that some stakeholders chose not to answer this question.

**Figure 51: Stakeholders perception of ASIC’s activities: in rank order**



*Q. Given its role as the corporate, markets and financial services regulator, how do you believe ASIC should prioritise its activities? I am going to read out a list of possible responsibilities for ASIC, given its role. Which of these do you personally believe should be ASIC’s number one priority? Which should be its second priority? (‘Don’t know’ allowed) And third? (‘Don’t know’ allowed) Base = all who answered N=1344*

The above chart shows that - overall - stakeholders wanted ASIC to ‘protect by holding gatekeepers to account’ first, followed by setting standards and penalising misconduct:

- Two thirds (64%) ranked ‘protecting investors and financial consumers by holding gatekeepers to account’ in their top three priorities for ASIC. One in four (27%) ranked it as the top (first) priority.
- The second ranked activity overall was ‘setting rules, standards and expectations for the market’ (24% ranked first).
- Third was ‘penalising unlawful conduct’ (18% ranked first and 58% in the top three).

These findings vary with how familiar the stakeholder was with ASIC. The results of this analysis for the total sample of stakeholders (who answered the question) by familiarity with ASIC is shown in the table below.

The table clearly shows that stakeholders who knew nothing of ASIC and its activities were more likely to rank 'educating investors and financial consumers' as the first activity they would expect of ASIC. Those most familiar with ASIC ranked first 'setting rules, standards and expectations for the market'.

**Figure 52: Activity ranked first by familiarity with ASIC**

Ranked first	Total	I don't know anything about ASIC and its activities	I am aware of ASIC but I am not really familiar with what it does	I am aware of ASIC and familiar with some of its activities	I am aware of ASIC and familiar with most of its activities
N=1344*	N=1344	N=97	N=220	N=483	N=544
Educating investors and financial consumers	15%	<b>40%</b>	19%	12%	12%
Penalising unlawful conduct	18%	23%	19%	17%	16%
Protecting investors and financial consumers from potential business or product losses and failures	27%	17%	<b>29%</b>	<b>32%</b>	22%
Setting rules, standards and expectations for the market	24%	12%	21%	23%	<b>29%</b>
Ensuring efficient business registration and licensing	4%	3%	3%	4%	4%
Monitoring compliance	6%	2%	1%	5%	9%
Empowering investors and financial consumers to make informed and confident decisions	6%	3%	8%	6%	8%
	100%	100%	100%	100%	100%

## Quantitative findings by segment

### The regulated population had different expectations of ASIC

Among the regulated population, 'setting rules, standards and expectations for the market' was ranked in the top three by the majority (63%).<sup>54</sup>

In contrast, overall for investors and consumers, small businesses, and the 'other stakeholder' segment, 'protecting investors and financial consumers by holding gatekeepers to account' was the activity most often ranked in the top three.

Four in ten (43%) 'other stakeholders' ranked 'educating investors and financial consumers' in the top three compared with one in four (24%) investors and consumers.

Where the segments did agree was in the importance of 'penalising unlawful conduct', which was often ranked in the top three by all stakeholder groups, though usually not ranked first.

<sup>54</sup> The charts referred to in this section are on pages 115 to 117.

## Qualitative insights

In qualitative interviews, some investors and consumers and industry association and consumer organisation representatives explained their perspective on the activities they felt ASIC should focus on.

### Protecting investors and financial consumers from potential business or product losses and failures / Penalising unlawful conduct

Some investors and consumers wanted ASIC to protect them and enforce the law – or as this quote explains protect them by enforcing the law:

*“ASIC should set the standards, see that they are followed, penalise those who don’t meet the standards and all of this is to end up with a fair system with a high ethical standard that protects investors.”* (Investor/consumer)

It seems that some investors and consumers want to see a corporate enforcement drama played out in front of them as evidence that ASIC is *“like a highway patrol with a speed camera. They are visible. Making sure people act within the law.”* (Investor/consumer)

*“For me, it is good enough to know that ASIC does have teeth (some would argue not enough or not big enough) and that the great majority of players in the Financial Services and Corporate sectors are aware that the policeman will come calling sooner or later if they do the wrong thing.”* (Investor and consumer)

Some investors reported their view that if ASIC provides a well-regulated environment, they will have more confidence in the market.

*“I would much prefer the regulator to ensure that proper methods are observed and rules and laws complied with, this can only then give me the confidence to utilize the information that I have gained, the knowledge in itself is of little use, if the rules are not enforced.”* (Investor/consumer)

### Setting rules, standards and expectations for the market

Some of those from the industries regulated by ASIC felt that the ideal situation for them was more about a bilateral and fair process of improving standards across all sectors of the industry, with ASIC working in co-operation with industry.

*“Their priority should be to set standards so that industry can self-monitor. It is important that they get that right.”* (Industry association)

### Educating investors and financial consumers / Empowering investors and financial consumers to make informed and confident decisions

The ‘other stakeholder’ segment focused on ASIC’s financial literacy role. They ranked education highly. For consumer organisations, financial literacy education is a long term initiative in which ASIC plays a significant role.

*“It is a preventative measure that will bear fruit in the years to come.”* (Industry association)

# Appendix

## Research methodology and design

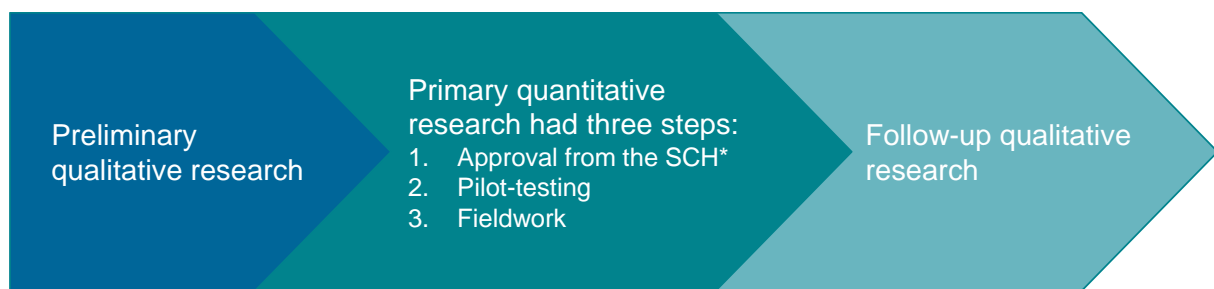
### Overview of the survey method

ASIC's 2013 Stakeholder Survey was conducted by Susan Bell Research in three stages between February and June 2013. The primary quantitative stage (a questionnaire) yielded a total sample of 1468 stakeholders, including ASIC's regulated population, investors and financial consumers, and 'other stakeholders'. This was supported by two qualitative stages involving interviews and focus groups with over 40 stakeholders from each of these three segments.

Susan Bell Research developed the research method, sampling frame, questionnaires and topic guides in consultation with ASIC, drawing on earlier stakeholder studies conducted for ASIC where possible.

The following diagram illustrates the broad research design.

**Figure 53:** The research design



\*The Statistical Clearing House. For more information, refer to <http://www.nss.gov.au/nss/home.nsf/pages/About+SCH>

As this figure shows, the process started with preliminary qualitative research to refine the research questions, followed by a comprehensive questionnaire to measure stakeholders' views, and followed up with a final qualitative stage to explore key views and themes in greater depth.

Further details of each stage are provided below.

### Stage 1: Preliminary qualitative research

The primary focus of this stage was to test the language that was proposed for the Stage 2 quantitative questionnaire.

The research comprised ten (n=10) in-depth interviews with members of each segment. All interviews were conducted by Suzanne Burdon and Susan Bell in February 2013.

The findings from this stage were used to refine the wording of the questionnaire. When reporting the results to ASIC, only aggregated de-identified data were supplied.

## Stage 2: Primary quantitative research

This section describes the key components of the primary quantitative stage, including the questionnaire, sampling and fieldwork.

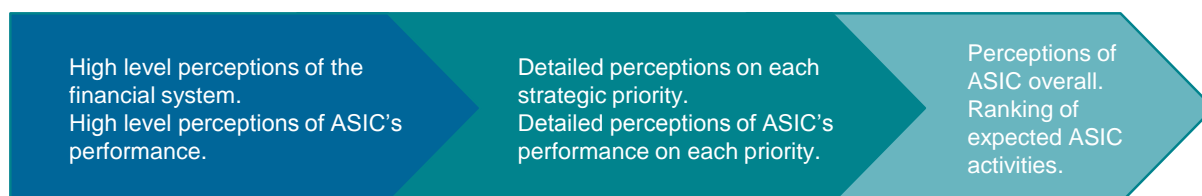
### The quantitative questionnaire

The questionnaire was designed using input from previous stakeholder surveys, ASIC's strategic framework<sup>55</sup> and the findings from Stage 1.

As the target quantitative business sample was larger than N=50 the questionnaire required approval from the Statistical Clearing House (SCH). Once initial approval was secured, the questionnaire was pilot tested, final changes were made and final SCH approval was granted.

The diagram below shows the structure of the questionnaire.

**Figure 54: The structure of the questionnaire**



The basic structure of the questionnaire was that respondents were first asked about the 'market' for each of ASIC's strategic priorities, and then about ASIC's performance on that priority.

Questions about ASIC's performance were only asked of people familiar with ASIC (N=1329).

Other questions were asked only of relevant segments. For example:

1. Consumers who were not direct investors were not asked some of the questions about the 'fair and efficient markets' priority.
2. Questions about registration and licensing were asked of those who had registered or applied for a license in the past 12 months.
3. 'Other stakeholders' were not asked questions about industry-based regulation or licensing or registration.

A copy of the questionnaire is included on page 118.

<sup>55</sup> ASIC's strategic framework is its blueprint for achieving its vision of "confident and informed investors and financial consumers who participate in fair and efficient markets while being supported by efficient registration and licensing". ASIC was particularly interested in stakeholder feedback on how well it was achieving its vision and performing in the context of this strategy.



## The quantitative sample

The most important part of this project was getting the correct sample frame. The correct sample is the key to providing reliable survey results as the final sample has to be as representative as possible of the stakeholder population.

To achieve a representative sample Susan Bell Research identified over 20 different types of stakeholder within three broad segments (regulated population, investors and consumers, and 'other stakeholders'). These stakeholder types are shown in Figure 55. Quotas were set for the minimum and maximum sample size for each segment of the regulated population, based on what was known about each segment.

**Figure 55:** The composition of the final sample

Stakeholder segment	Stakeholder type
<b>The regulated population</b>	Top 500 Listed companies; CEOs, CFOs and Company Secretaries
	Responsible entities <ul style="list-style-type: none"> <li>• Fund managers</li> <li>• Investment Banks</li> <li>• Superfund trustees</li> <li>• Custodians</li> </ul>
	ADI's <ul style="list-style-type: none"> <li>• Executives with: a bank, building society or credit union, finance company, insurance company</li> <li>• Credit intermediaries (e.g. a broker, aggregator or other credit licensee)</li> </ul>
	Market operators and stockbrokers
	External auditors and other accountants - corporate
	Financial planners
	Insolvency practitioners
	Corporate lawyers
	Associations
	<b>Investors and consumers</b>
Direct investors (this does not include consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF.)	
General public	
<b>'Other stakeholders'</b>	Government agencies
	Financial literacy stakeholders
	Other

## The regulated population

The survey was designed to be a survey of individuals rather than a survey of organisations, because some organisations have different divisions which interact with ASIC in different ways for different reasons.

Therefore in some cases Susan Bell Research invited different individuals from the same organisation to complete the survey because each may have had different expectations and opinions of ASIC. For example, sometimes both the CFO and the compliance manager of the same organisation were invited to participate in the survey. However, in smaller organisations, such as financial planning agencies, only one person was invited to take part.

Although specific individuals were initially invited to participate, some people chose to pass the survey on to someone else in their organisation who they felt was best placed to complete it.

## The quantitative fieldwork

The questionnaire distribution process and resulting response rates are outlined below.

### The distribution process

Susan Bell Research designed a mixed method approach, so that different stakeholder groups could complete the survey online, by phone or on paper.

- To contact members of the regulated population and 'other stakeholders' segments, Susan Bell Research created an invitation list which was as comprehensive as possible. It was drawn from multiple sources, including lists supplied by ASIC, and publicly available lists.
- Contact information obtained from ASIC was used only when it was clear that the ASIC list included every member of that stakeholder type, for example every CEO in the top 100 companies. If ASIC only had a partial list for a stakeholder type, Susan Bell Research used other sources instead of ASIC lists, such as purchased lists. This is important because it means the sample has not been biased towards individuals or organisations known to ASIC.<sup>56</sup>
- The majority of investors and consumers in the sample were members of the SurveyVillage online panel. SurveyVillage is a research-only panel. It currently has in excess of 90,000 members nationally. The panel matches the Australian population in location, age and gender terms.
- An invitation was also placed on the ASIC and MoneySmart websites.<sup>57</sup>

The mixed method approach to distribution was designed to minimise the bias of any single distribution channel, and maximize the representativeness of the sample. The different questionnaire formats (online, phone and paper) were designed to both maximise the response rate by enabling stakeholders to select the most convenient method and also minimise any biases that a single delivery method might cause.

The questionnaire was branded 'Susan Bell Research, on behalf of ASIC'. It took an average of 20 minutes to complete and was in field between 13 March and 12 April 2013. Q&A Market Research managed all online and telephone fieldwork and data processing under the supervision of Susan Bell Research.

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<sup>56</sup> Although ASIC provided some lists of individuals in the target population, Susan Bell Research ultimately selected and conducted the final distribution. The identity of the people and organisations who actually took part is confidential. All data supplied to ASIC have been de-identified.

<sup>57</sup> To prevent duplication, people who responded to this invitation were prompted to register with Susan Bell Research and were then sent the online survey to complete. In each case Susan Bell Research checked that the person who had registered was not already on an existing invitation or registration list and had not already completed the survey. The total number of questionnaires completed via responding to the website invitations was 89.

Most stakeholders completed the questionnaire online. Each person received a unique link, which made it possible for them to return to a partially completed questionnaire, and impossible for them to complete the questionnaire more than once.

### Response rates

To maximize the questionnaire response rate, two reminders were sent to recipients of the online questionnaire. For the phone questionnaire, a minimum of two attempts were made to contact the selected respondent.

The questionnaire response rate varied by segment. For the investors and consumers contacted via online panels, it was 13%. For the rest of the sample it was 18%. The higher level of response among the latter groups most likely reflects their greater familiarity with ASIC.

## Stage 3: Follow-up qualitative research

Following the quantitative stage, further qualitative research was conducted in order to clarify and expand on some of the key findings. The sample for this stage comprised three group discussions and 13 in-depth interviews with key segments as follows:

**Figure 56:** The sample for the qualitative research

Method	Criteria	Participants	Location
<b>One face to face group discussion (2 hours)</b>	Investors in direct shares, managed funds and/or other listed investments Quota of small business owners and SMSF investors Mix of attitudes to ASIC Mix gender and age	8	North Sydney
<b>One online group discussion (3 days)</b>	Investors in direct shares, managed funds and/or other listed investments Quota of small business owners and SMSF investors Mix of attitudes to ASIC Mix gender and age	15	National
<b>One face to face group discussion (2 hours)</b>	Mix of: Consumers who have been considering retail investment and plan to begin investing in the next 1-2 years Retail investors who began investing in the past three years Quota of small business owners	8	Parramatta
<b>45 minute phone interviews with Industry and Consumer Associations</b>	Major Associations	13	Sydney and Melbourne

The follow up qualitative research was conducted by Susan Bell and Suzanne Burdon during May and June 2013. Participants were aware that the research was conducted for ASIC. Face to face groups were audio-recorded and viewing facilities were available. All data have been de-identified.

## The reported data

The report primarily contains the findings of the primary quantitative stage (Stage 2). In addition, qualitative insights from Stage 3 are included to clarify and elaborate on key emerging themes.

### The segments

Note that the quantitative data are unweighted. For the report, the researchers have analysed this data by the three key segments:

- The regulated population includes publicly listed companies, organisations which provide financial products and services, and a wide range of different ‘gatekeepers’ – financial advisers, market participants and insolvency practitioners to name just three.
- The investors and consumers’ segment includes members of the general public who invest in shares directly, and other listed investments, or who own financial products and use financial services, SMSF owners, and small businesses. In this report, small businesses usually belong in the ‘investors and consumers’ segment. However, for the strategic objective of efficient registration and licensing, small business is also a stakeholder segment for ASIC in its own right.
- The ‘other stakeholder’ segment includes other people with whom ASIC consults and collaborates in the course of its work, for example, government agencies, the media, and financial literacy specialists.

### Possible survey bias

The high level of rigour in sourcing the quantitative sample is one of the major reasons why the results of the survey can be taken to be as representative as possible of ASIC’s overall stakeholder population.

Nevertheless it is still possible that other biases are present. For example, both the regulated population and the ‘other stakeholder’ segments may have had a vested interest when answering the survey questions, in that industry representatives may have wished to support their industry and / or their industry’s position on a particular issue. ‘Other stakeholders’ may have had a similar vested interest on the issues of financial literacy.

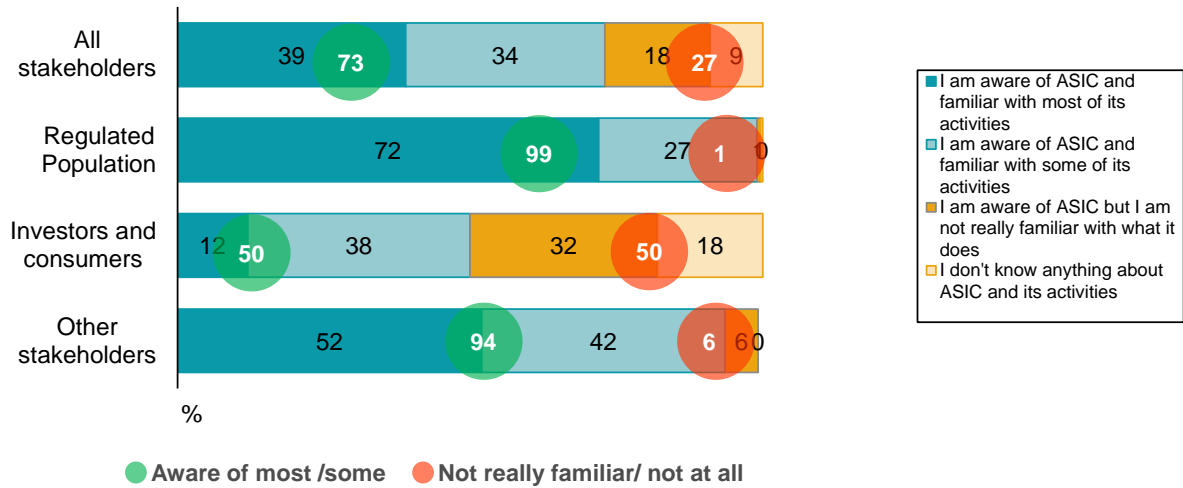
### Comparability with prior reports

The research method used in the 2013 survey is different from that obtained in previous surveys; therefore, Susan Bell Research discourages comparison with the results of previous surveys.

# Additional charts

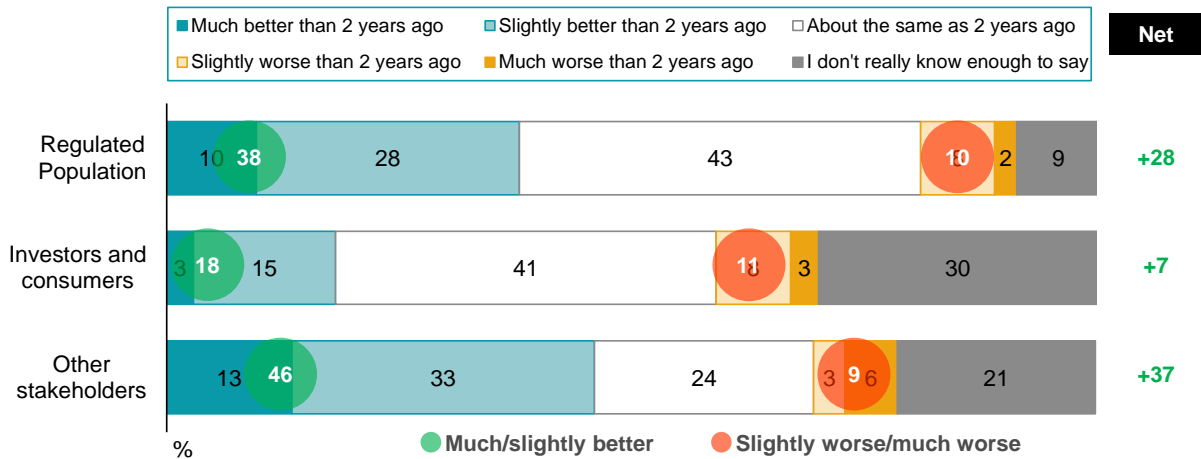
## Section 1. Familiarity with ASIC

**Figure 57: Familiarity with ASIC by all stakeholders and by segment**



Q. Please tell us how familiar you are with ASIC and its activities. Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

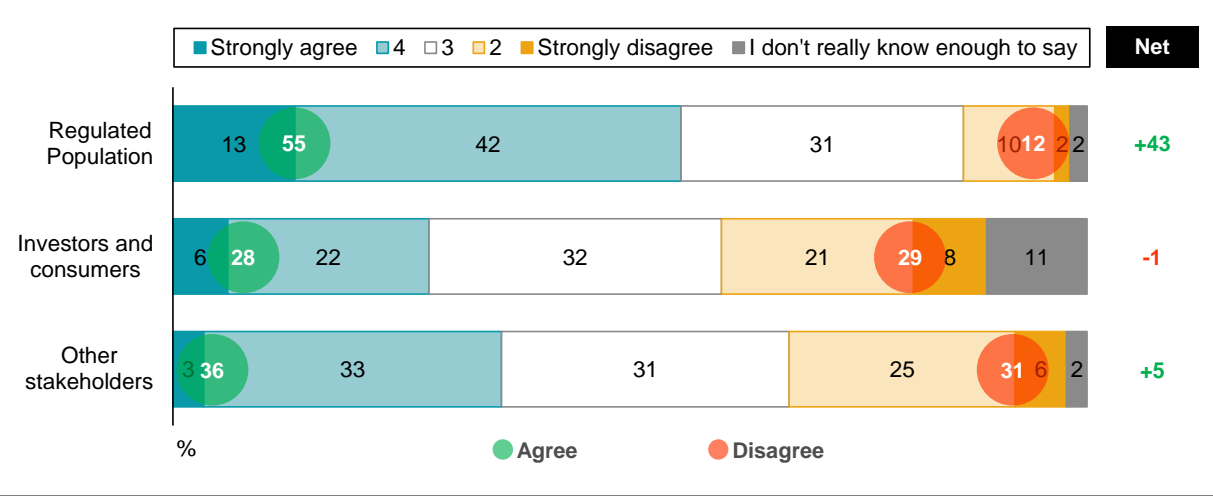
**Figure 58: Comparison with 2 years ago by segment**



Q. Overall, how do you think ASIC's current performance compares with two years ago? Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'Other stakeholders' N=89.

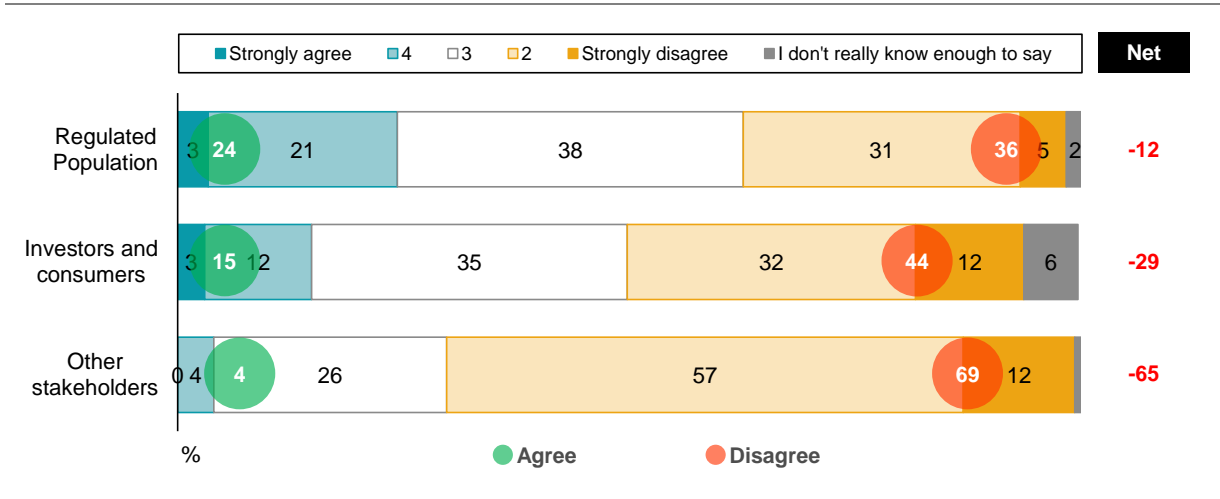
# Section 2. Confident and informed investors and consumers: the environment

**Figure 59: Confidence when participating the Australian financial system by segment**



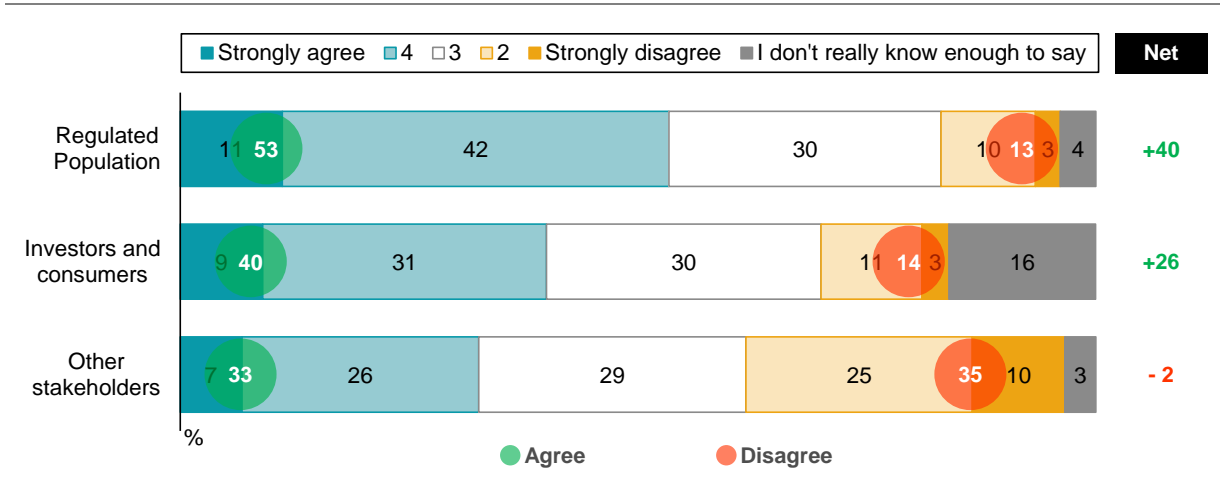
Q. How strongly do you agree or disagree that the Australian public feels confident when participating in the Australian financial system. Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 60: How well-informed are the Australian public on financial matters by segment**



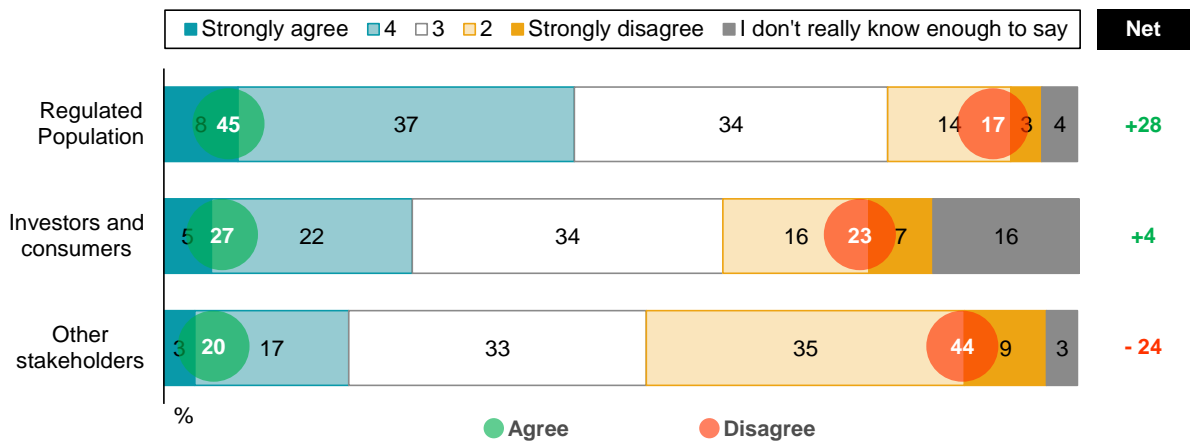
Q. How strongly do you agree or disagree that the Australian public is well informed about financial matters? Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 61: Access to advice that meets their needs by segment**



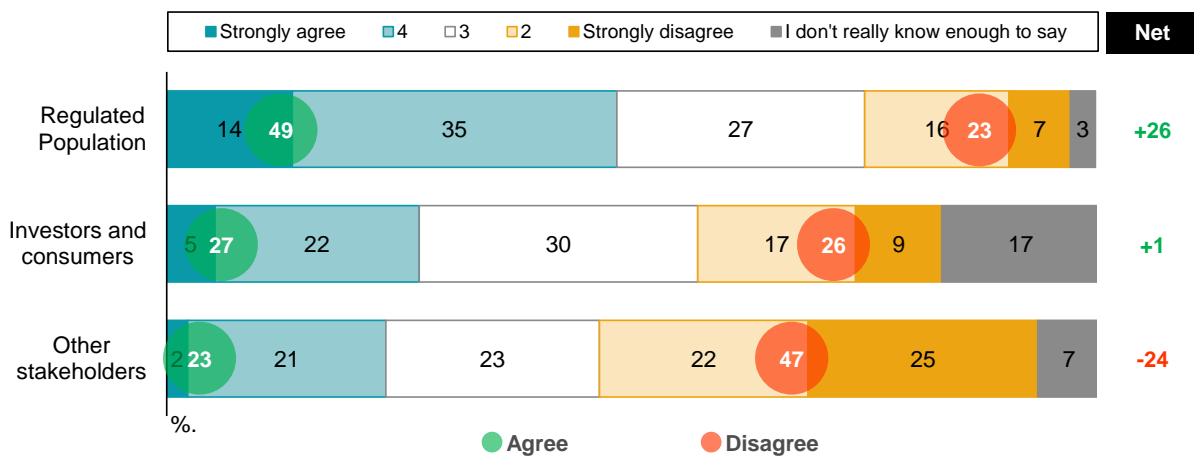
Q. How strongly do you agree or disagree that the Australian public can access financial advice that meets their needs.....? . Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 62: The availability of reliable information by segment**



Q. Overall, investors and consumers get reliable information when they buy financial products. Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

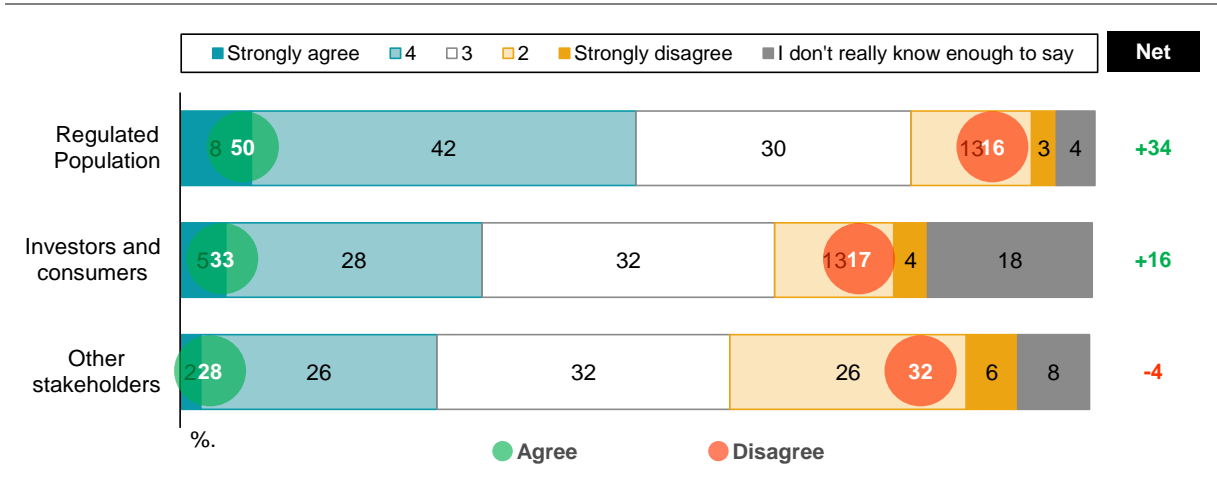
**Figure 63: The adequacy of disclosure by segment**



Q. Overall, investors and consumers are adequately protected by existing levels of product disclosure for the financial products they buy. By 'product disclosure' we mean information about the key features, fees, commissions, benefits, risks and the complaints handling procedure of financial products. Base: all N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

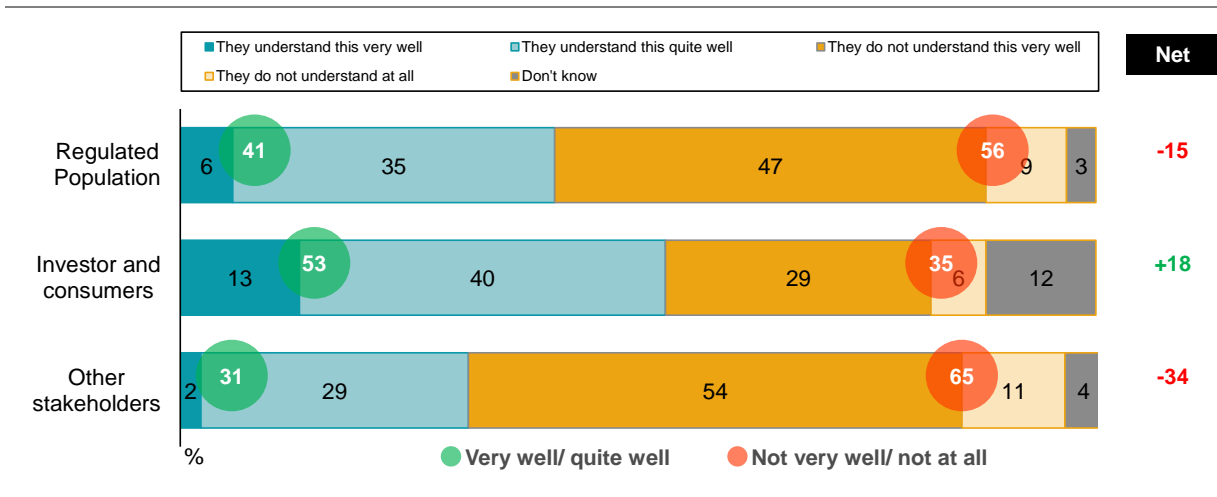


**Figure 64: Awareness of the risks associated with investment is improving by segment**



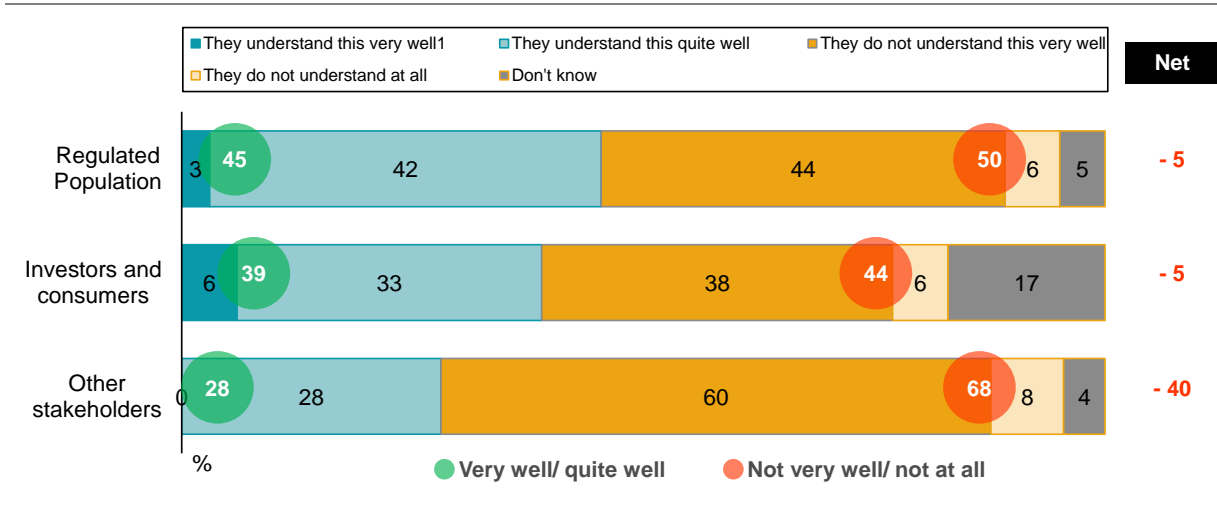
Q. Among investors and consumers, awareness of the risks associated with investing is improving. Base: all. N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 65: High returns likely to involve high risk by segment**



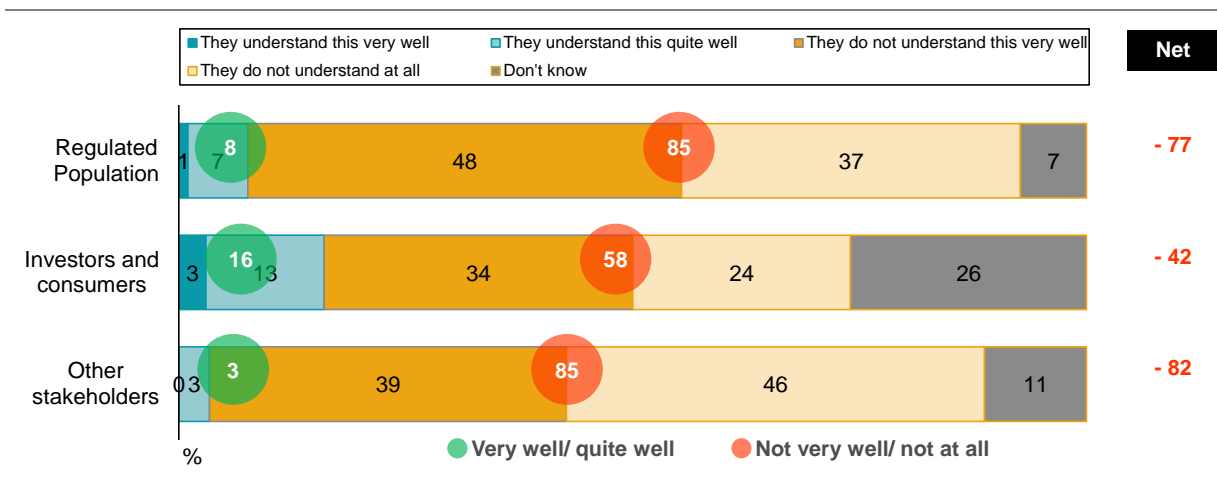
Q. How well do you believe that Australian consumers and investors understand... that high return investments are also likely to involve high risk? .Base: all. N=1468. Regulated population N=592; investors and consumers N=787 ; 'other stakeholders' N=89.

**Figure 66: Diversification by segment**



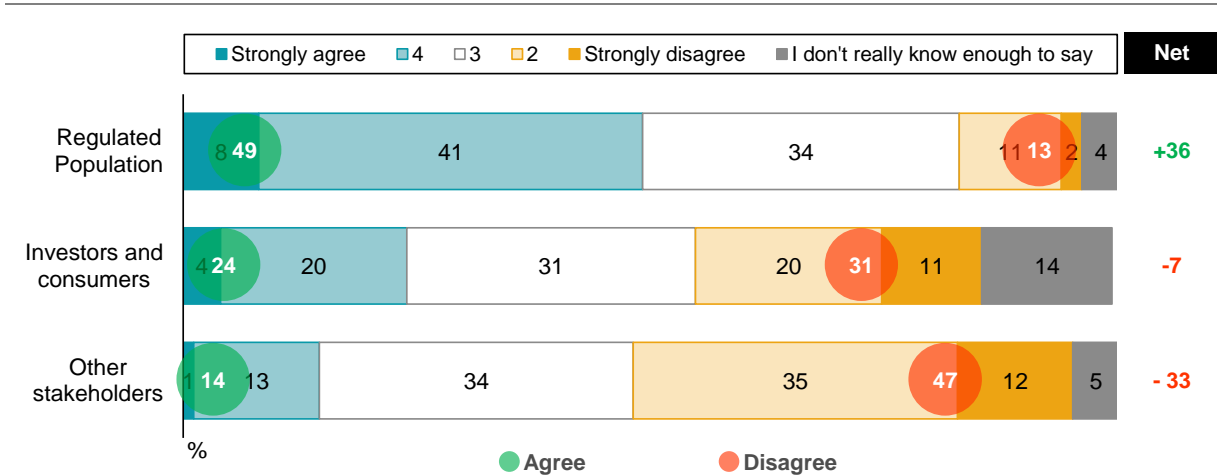
Q. How well do you believe that Australian consumers and investors understand...the importance of diversification when investing? . Base: all. N=1468 Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 67: Complex products by segment**



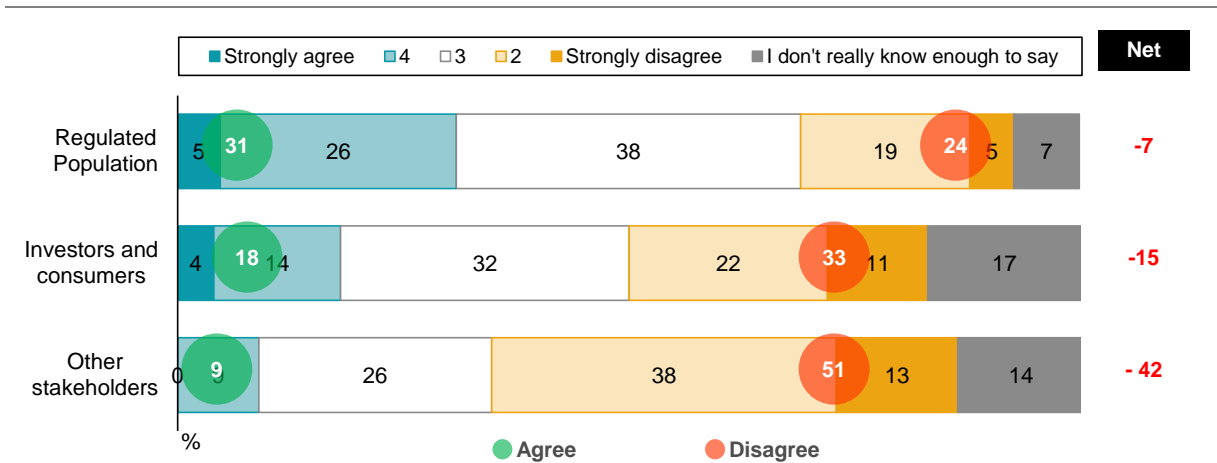
Q. How well do you believe that Australian consumers and investors understand...the risks involved in complex investment products such as CFD's, synthetic ETFs (exchange-traded funds), capital-protected products, some debentures, hedge funds, and capital notes, also known as 'hybrids'? . Base: all. N=1468 Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 68: Organisations providing financial products and services have integrity by segment**



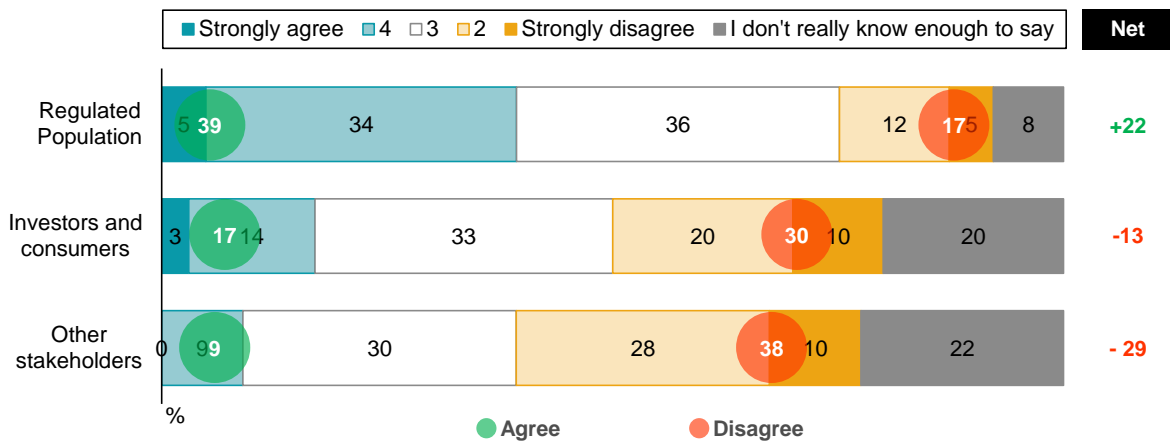
Q. Organisations involved in providing financial products and services (such as banks, finance companies, superannuation providers, insurance companies and other credit licensees) operate with integrity. . Base=all. N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89

**Figure 69: Financial advisers have integrity by segment**



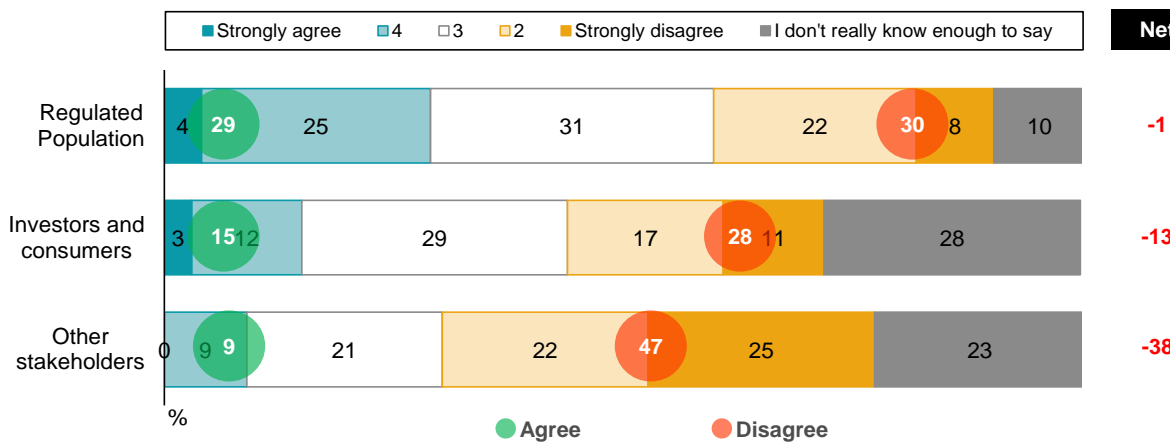
Q. Financial advisers operate with integrity. Base: all. N=1468 Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 70: Fund managers have integrity by segment**



Q. Fund managers operate with integrity. Base: all. N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

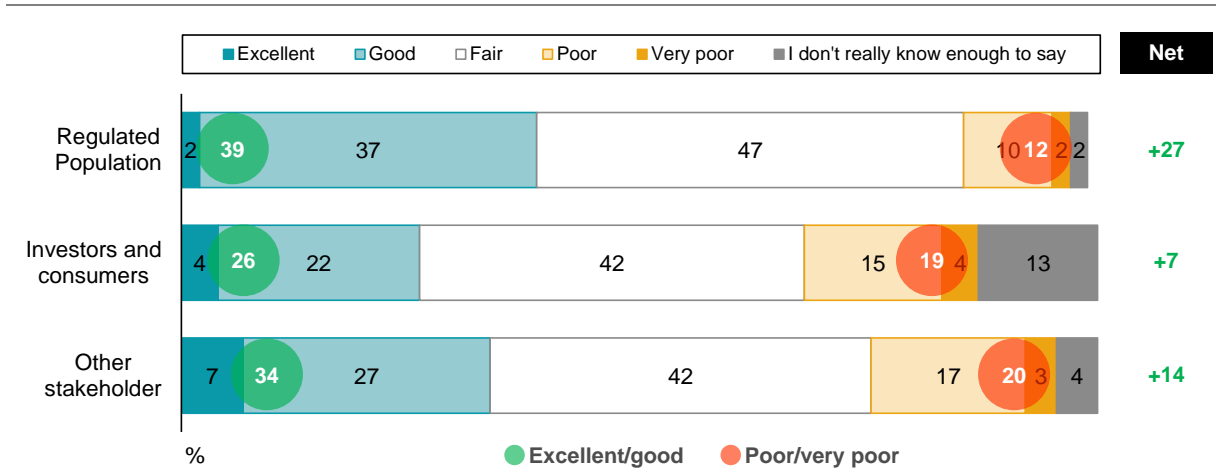
**Figure 71: The industry manages conflicts of interest by segment**



Q. The financial services industry manages conflicts of interest effectively. Base: all. N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

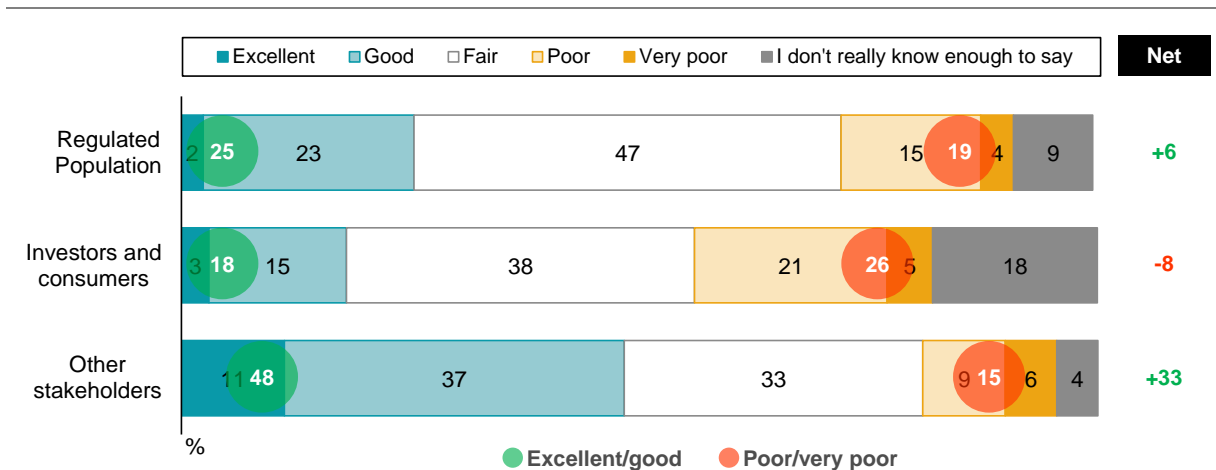
## Section 3. Confident and informed investors and consumers: ASIC's performance

**Figure 72: ASIC's performance ensuring investors and consumers are confident and informed by segment**



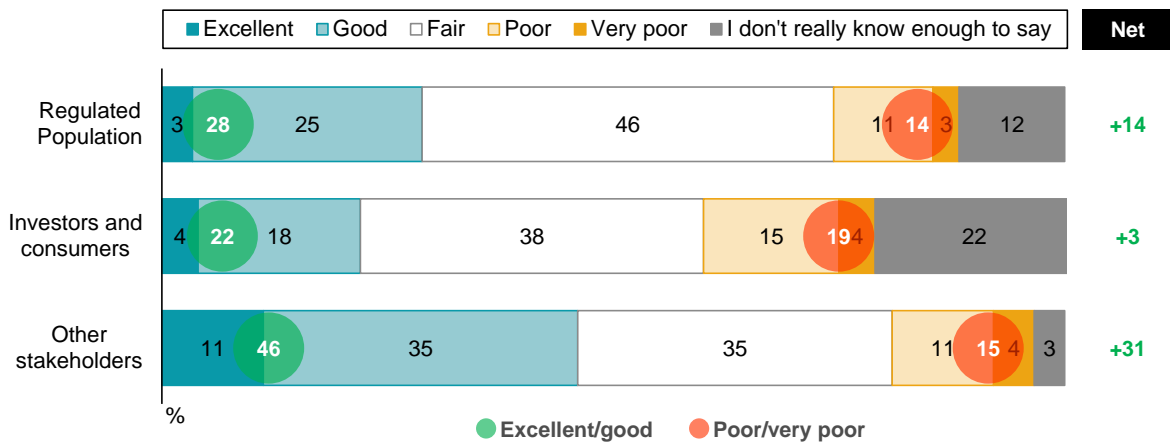
Q. ASIC has as one of its objectives that investors and financial consumers in Australia should be confident and informed. ('Financial consumers' are consumers of financial products and services). Based on what you know of ASIC's activities, overall. Base: all those aware of ASIC. N=1329. Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 73: ASIC's work helping the general public become more financially literate by segment**



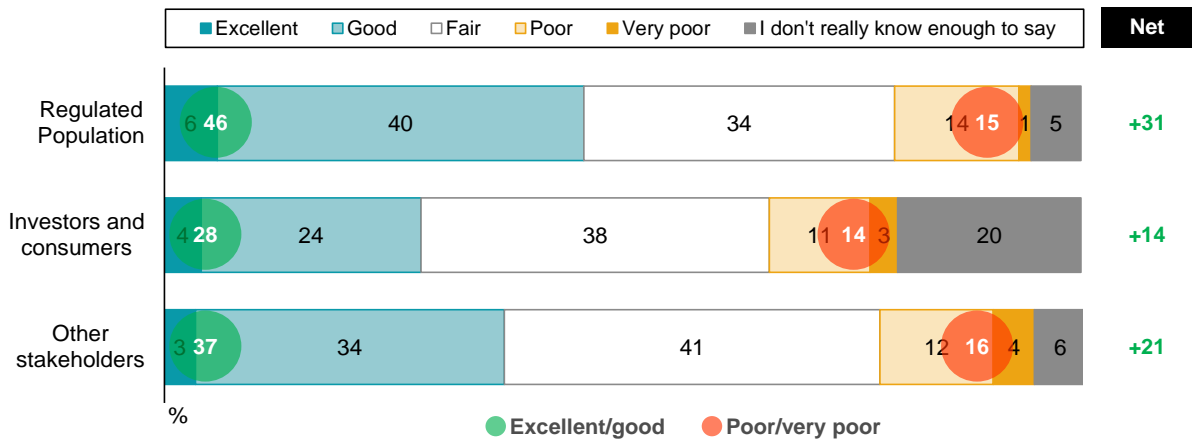
Q How would you rate ASIC's performance in helping the general public become more financially literate? Base: all those aware of ASIC. . N=1329 . Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 74: ASIC's work providing decision-making tools by segment**



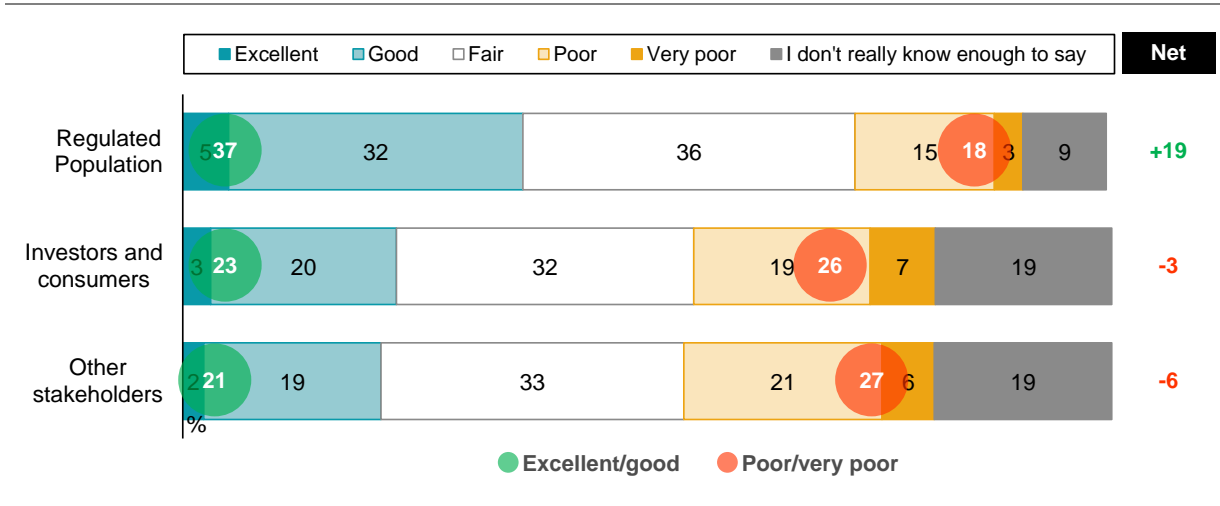
Q. How would you rate ASIC's performance in providing investors and consumers with relevant tools for making good financial decisions? Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 75: ASIC's work ensuring effective disclosure by segment**



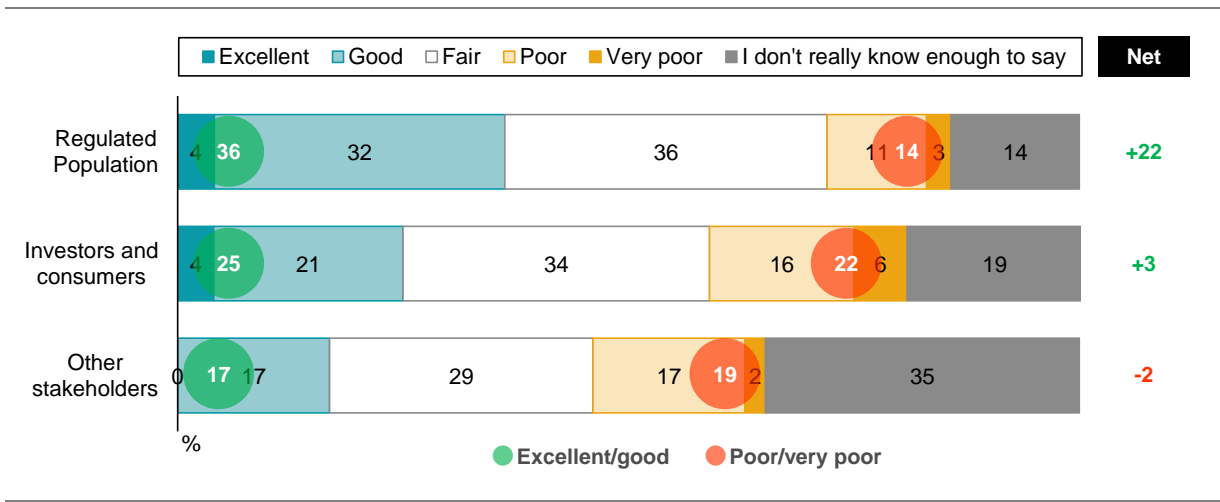
Q. How would you rate ASIC's performance in ensuring effective disclosure for financial products and services. Base: all those aware of ASIC. N=1329. Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 76: ASIC's work holding financial advisers to account by segment**



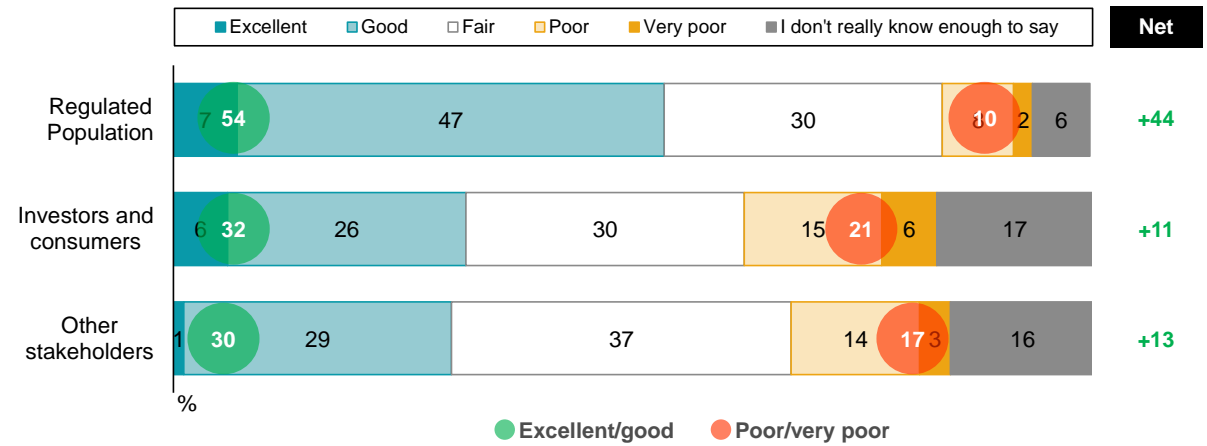
Q. Overall, how would you rate ASIC's performance in holding .... to account? N=1329 Base: all those aware of ASIC. Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 77: ASIC's work holding fund managers to account by segment**



Q. Overall, how would you rate ASIC's performance in holding .... to account? Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 78: ASIC's work holding organisations involved in financial products and services to account by segment**

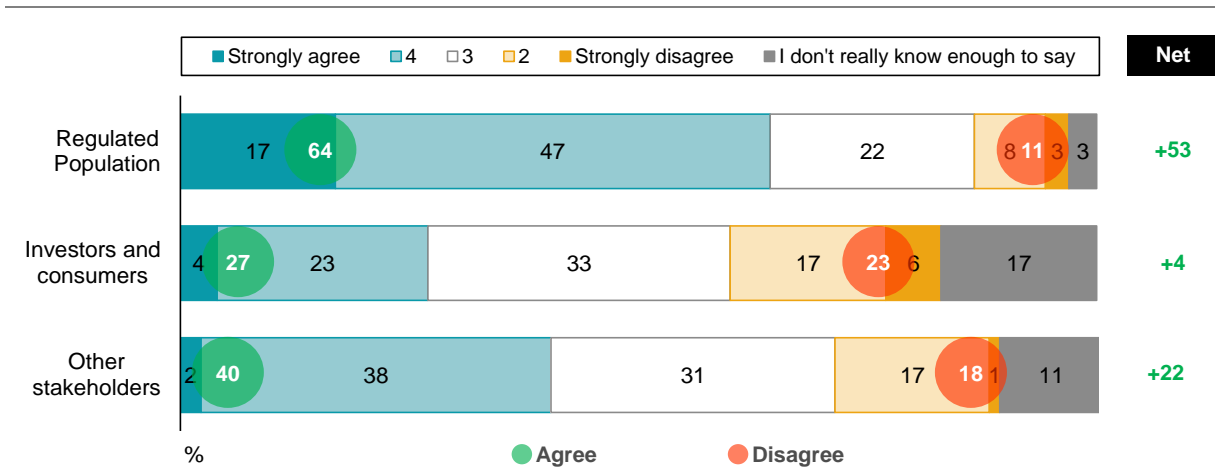


Q. Overall, how would you rate ASIC's performance in holding .... to account? Base: all those aware of ASIC. N=1329  
 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.



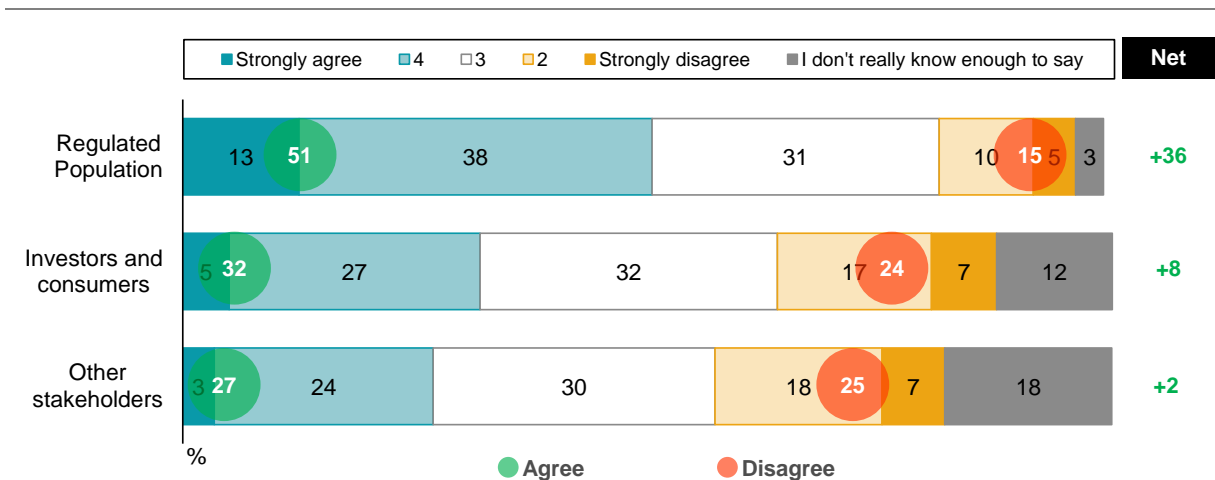
## Section 4. Fair and efficient markets: the environment

**Figure 79: The Australian markets are fair and efficient by segment**



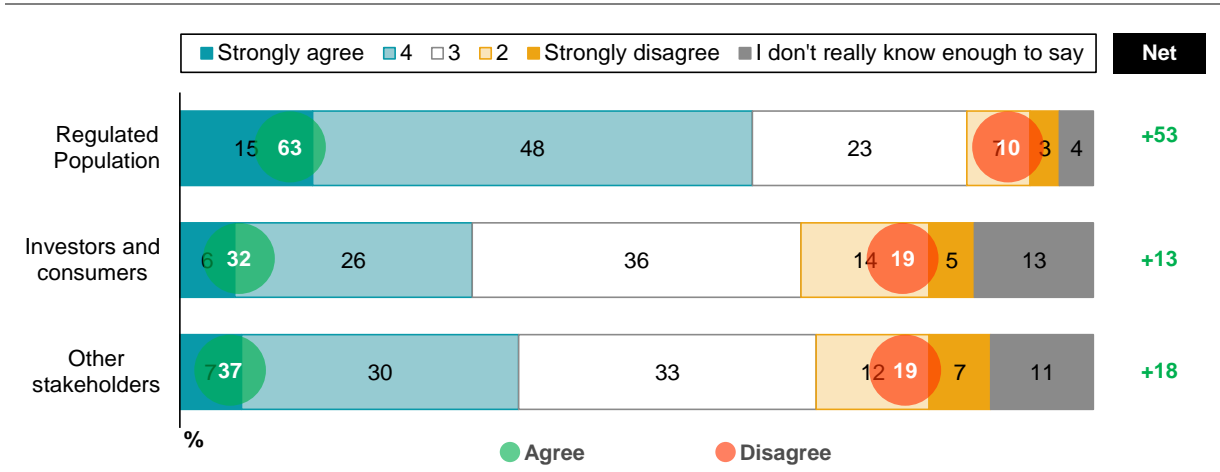
Q. How strongly do you agree or disagree that the Australian financial markets are fair and efficient? By financial markets we mean facilities (for example, the ASX and Chi-X) on which financial products (for example, shares) can be traded. Base: all. N=1468. Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

**Figure 80: Perception that the financial market is a level playing field by segment**



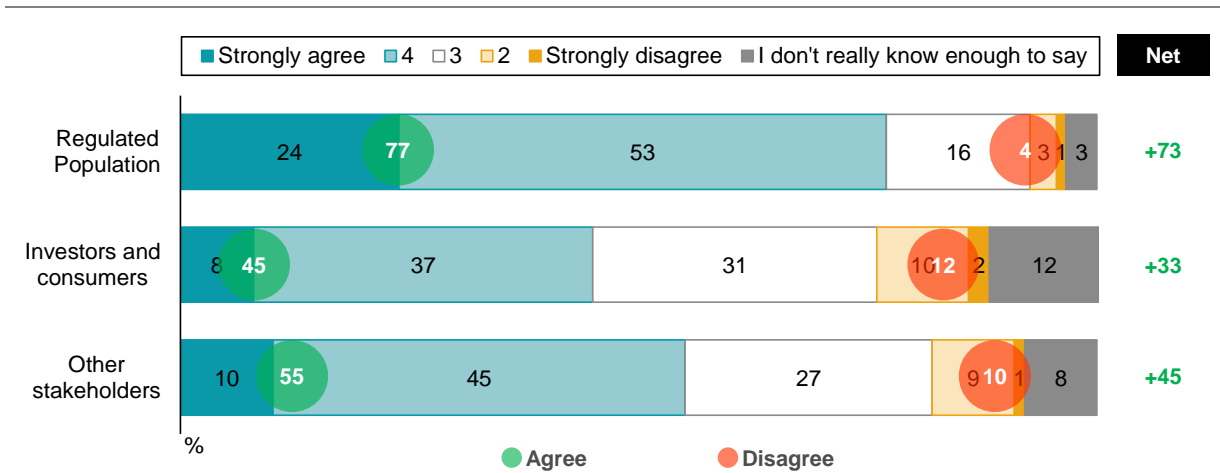
Q. Overall, the Australian financial markets provide a level playing field for investors. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 81: Perception that the financial market operate with transparency by segment**



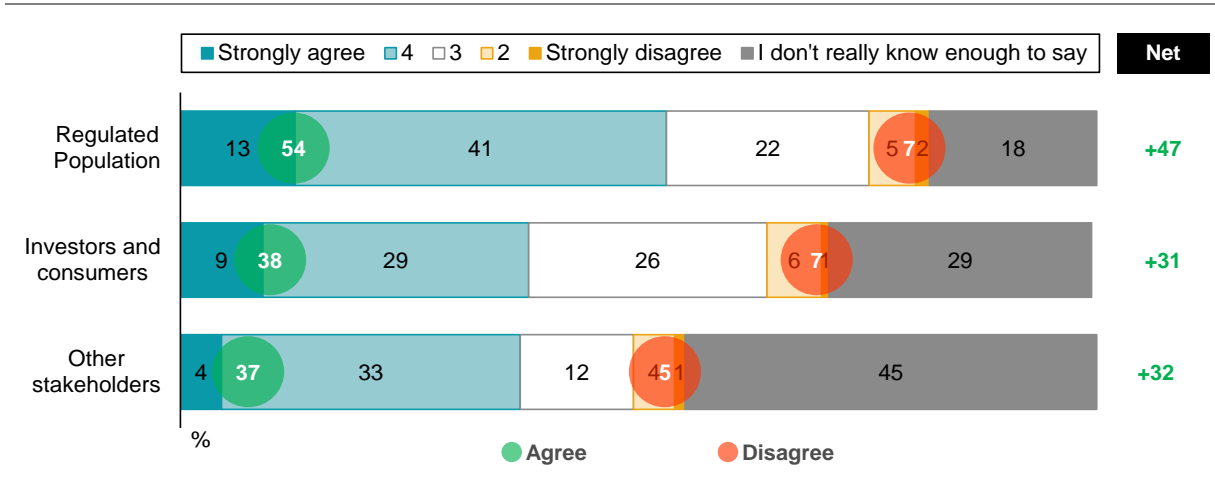
Q. Overall, Australian financial markets operate with transparency. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 82: Perception that the financial market is run in an orderly fashion by segment**



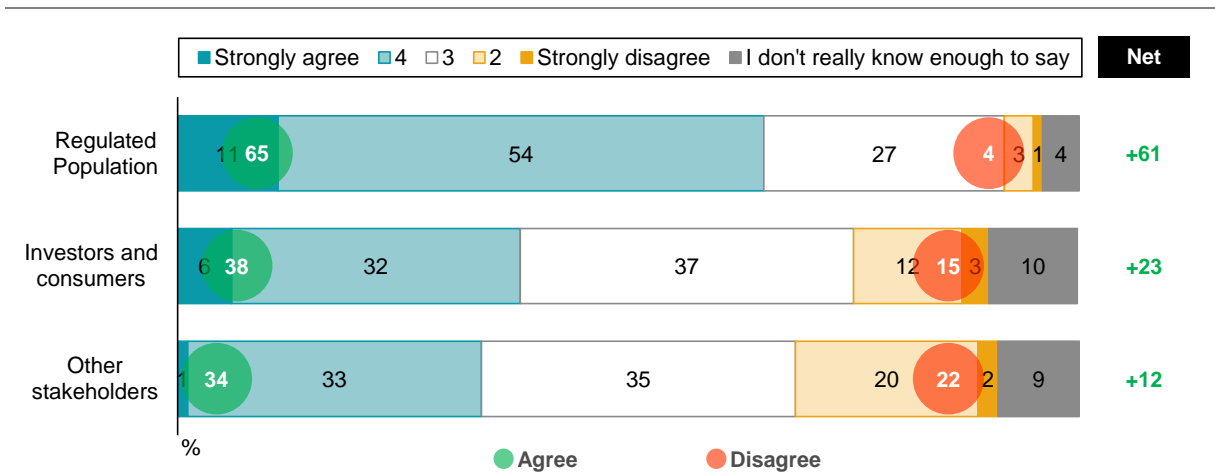
Q. Overall, the Australian financial markets are run in an orderly fashion. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 83: Perception that the capital markets are internationally competitive by segment**



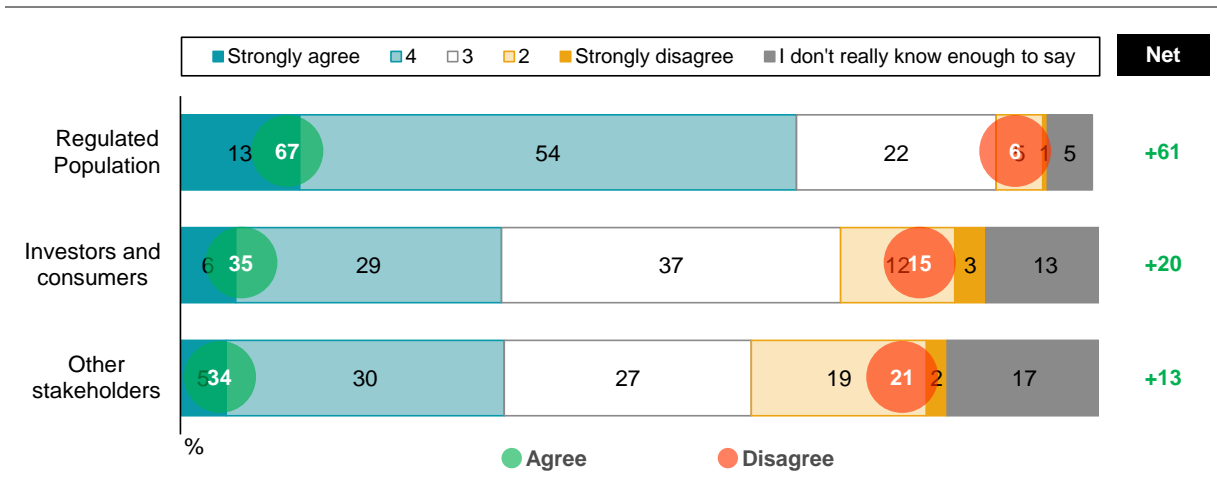
Q. Australian capital markets are internationally competitive. (Capital markets are financial markets for the issue, buying, and selling of equity, long-term debt and related securities). Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 84: Companies operate with integrity by segment**



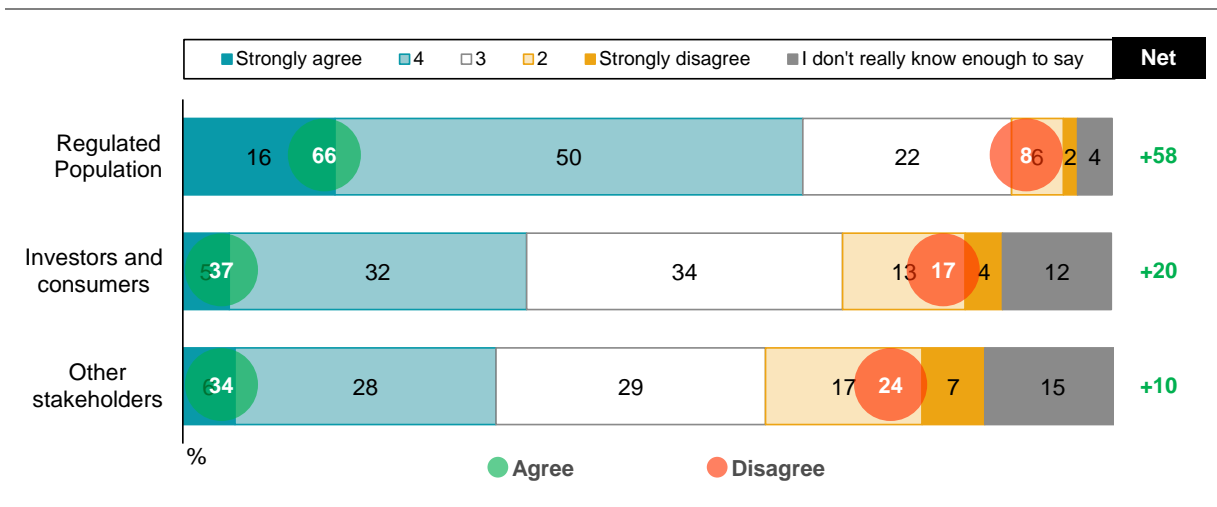
Q. Overall, companies in Australia operate with integrity Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 85: Companies provide reliable and timely information to the market by segment**



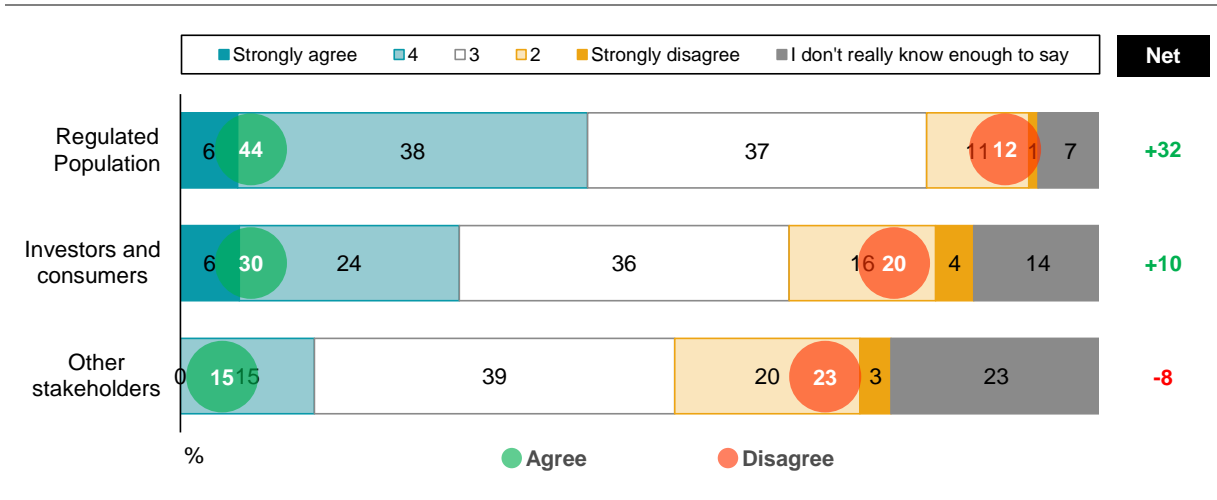
Q. Overall, companies that operate in Australia provide reliable and timely information to the market. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587. 'other stakeholders' N=89.

**Figure 86: Companies provide financial reports that can be relied upon by segment**



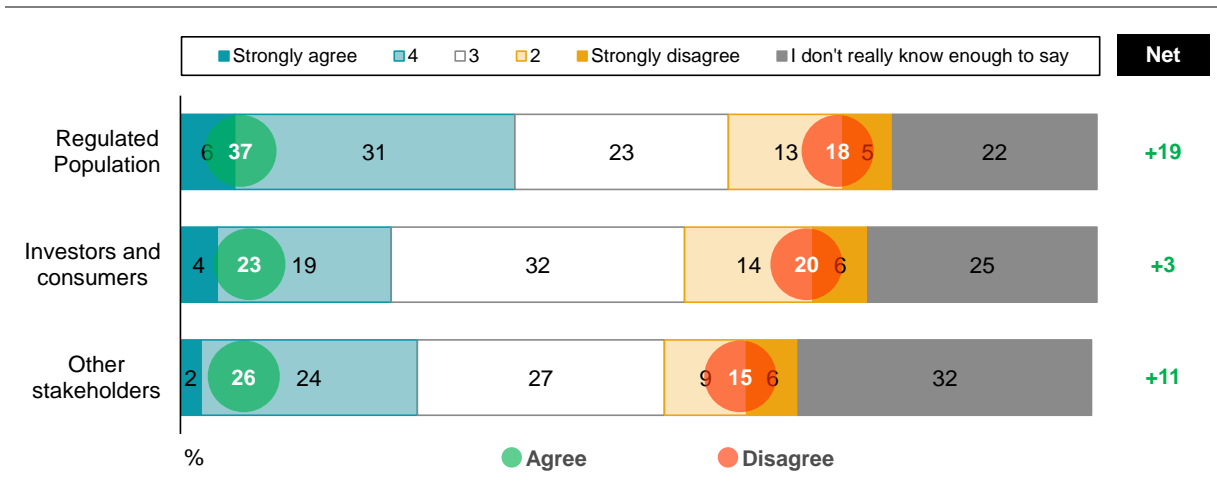
Q. Overall, companies that operate in Australia provide financial reports that can be relied upon. N=1329 Base: all those aware of ASIC. Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 87: Market participants operate with integrity by segment**



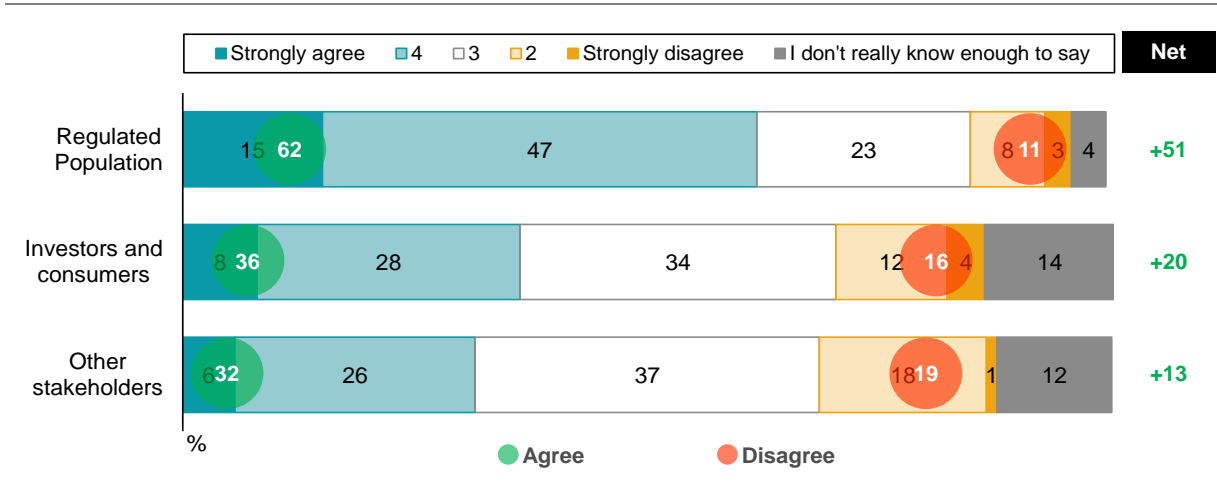
Q. Overall, market participants (i.e. stock brokers) operate with integrity. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 88: Insolvency practitioners operate with integrity by segment**



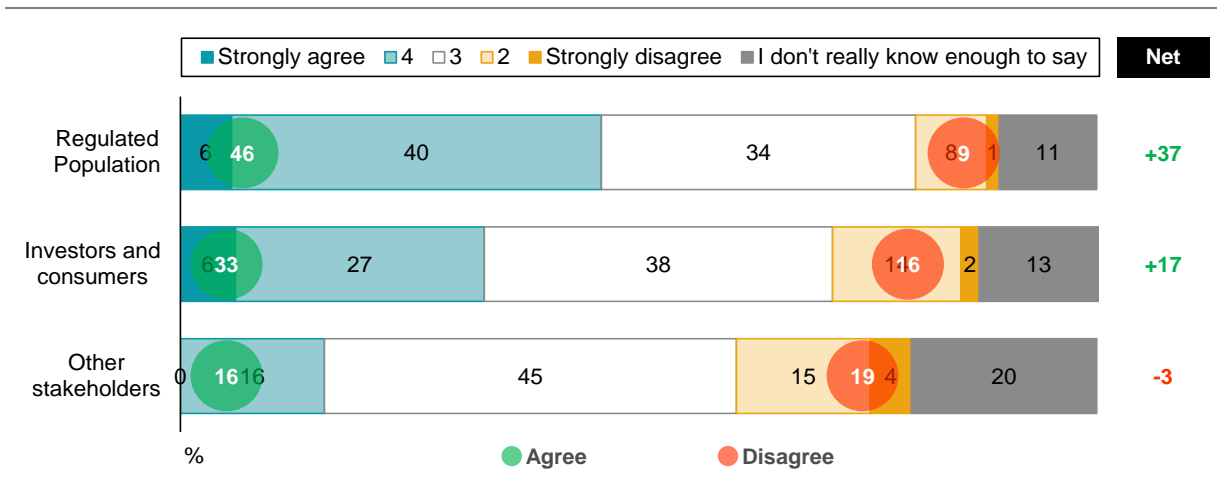
Q. Overall, insolvency practitioners operate with integrity. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

**Figure 89: Confidence can be placed on the opinions of independent auditors by segment**



Q. Overall, confidence can be placed on the opinions of independent auditors of Australian company financial reports. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

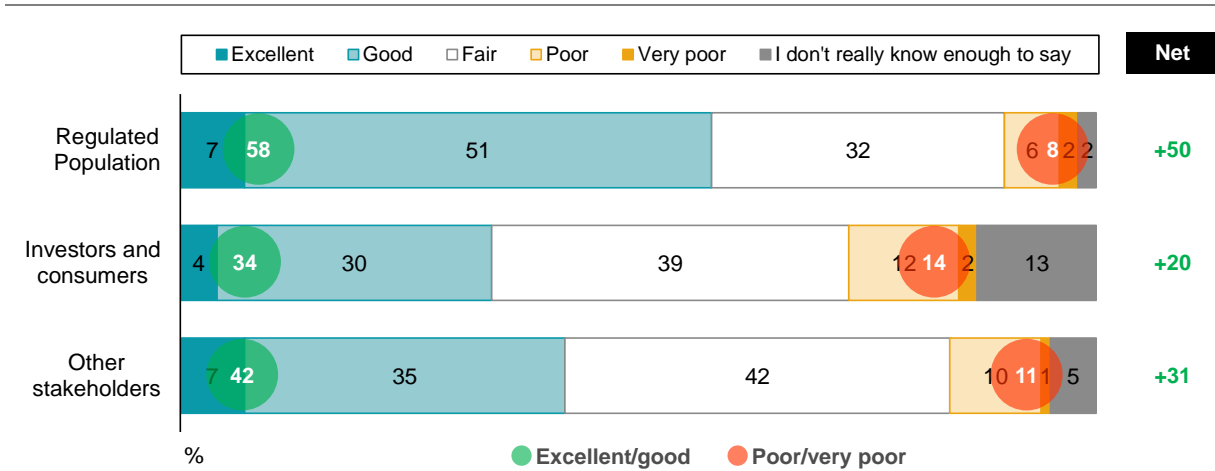
**Figure 90: Product manufacturers operate with integrity by segment**



Q. Overall, product manufacturers operate with integrity. Base: all except consumers with no investment or SMSF. Regulated population N=592; investors and consumers N=587; 'other stakeholders' N=89.

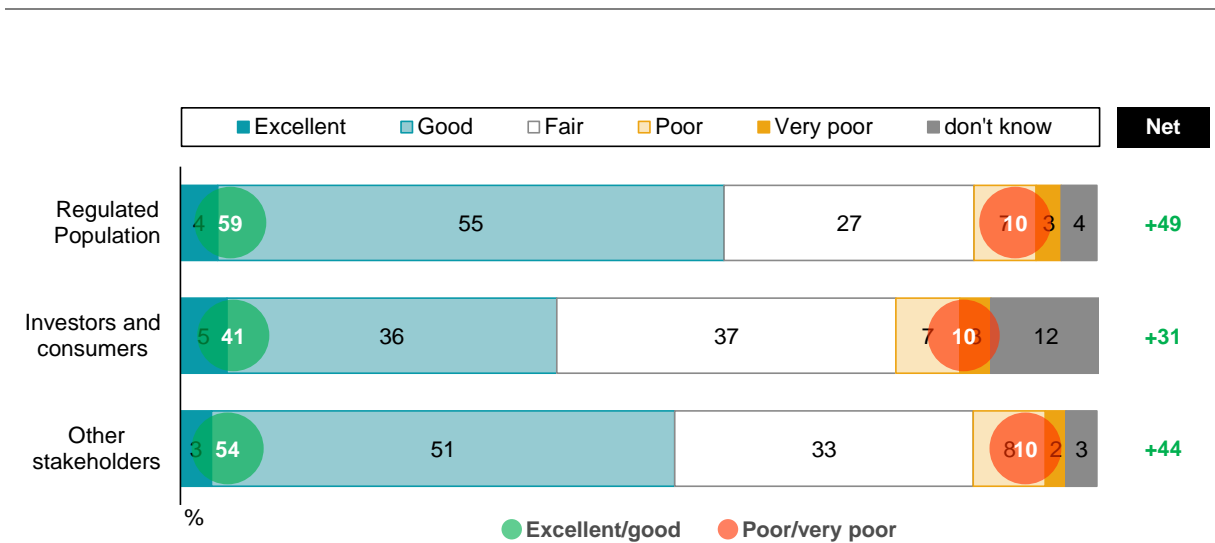
## Section 5. Fair and efficient markets: ASIC's performance

**Figure 91: ASIC's performance ensuring markets are fair and efficient by segment**



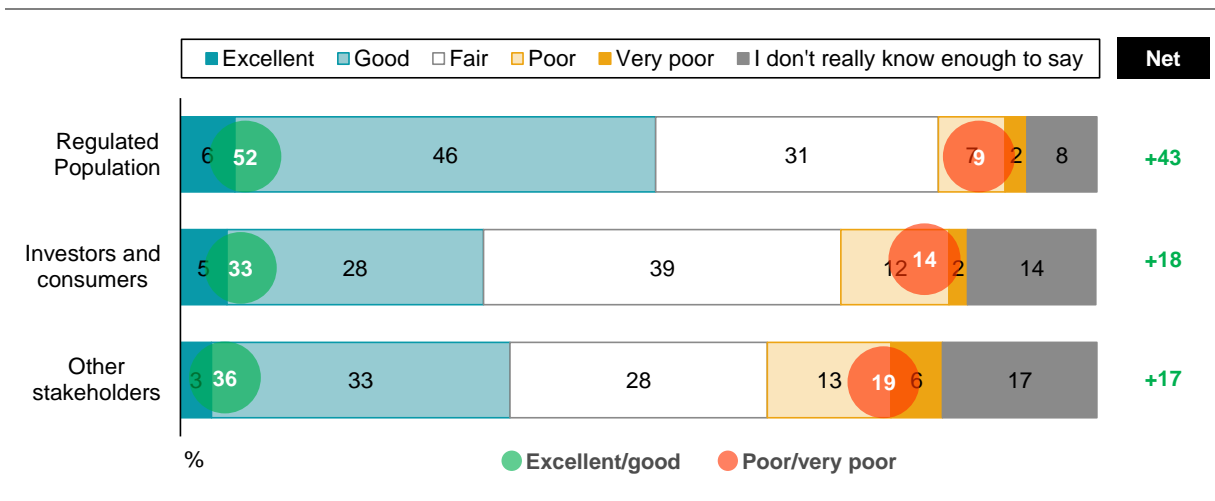
Q. One of ASIC's objectives is that Australian financial markets should be fair and efficient. Based on what you know of ASIC's activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as... N=1329 Base: all those aware of ASIC. Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 92: ASIC's performance ensuring effective supervision by segment**



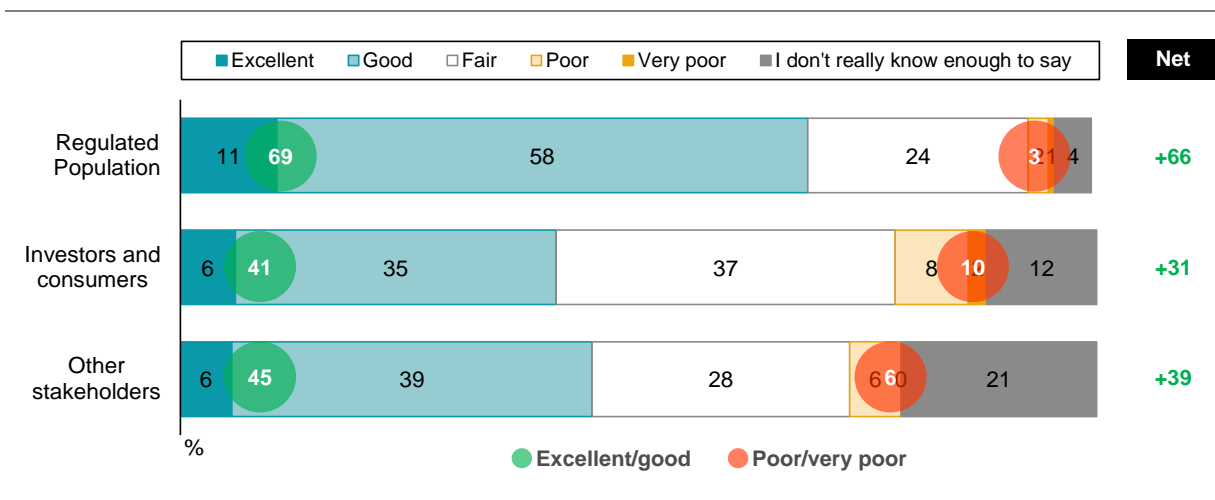
Q. Overall, how would you rate ASIC's performance in providing effective supervision of Australian financial markets? Would you rate it as ....Base: all stakeholders - excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 93: ASIC's performance working to ensure Australia is free from insider trading by segment**



Q. Overall, how would you rate ASIC's performance in working to ensure Australian financial markets are free from insider trading and other market abuses? Would you rate it as..... Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

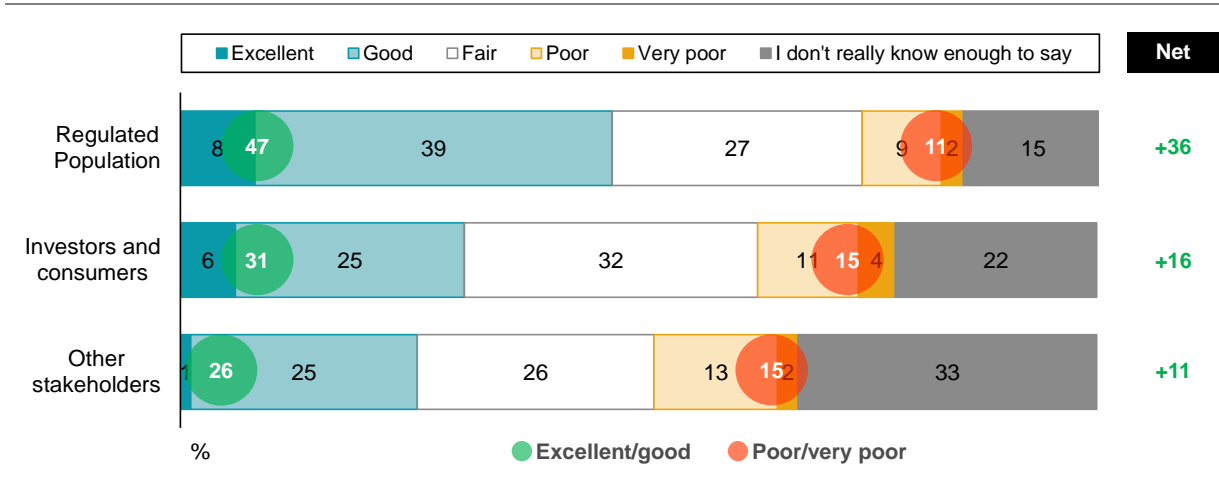
**Figure 94: ASIC's performance working to ensure listed companies provide reliable and timely information by segment**



Q. Overall, how would you rate ASIC's performance in working to ensure that listed companies (that is companies listed on a stock exchange in Australia) provide reliable and timely information to investors and the market? Would you rate it as..... Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

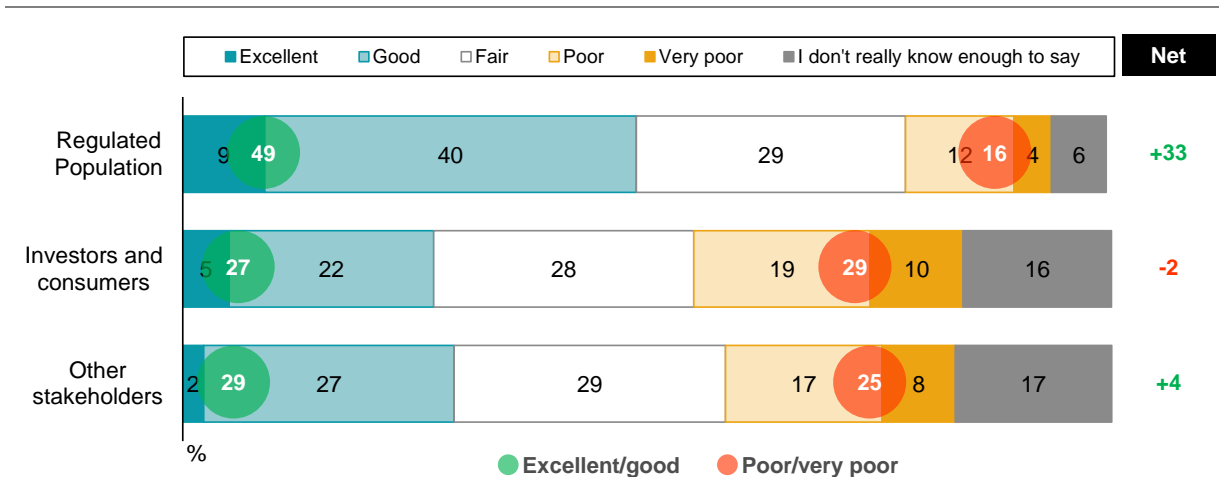


**Figure 95: ASIC's work holding auditors to account by segment**



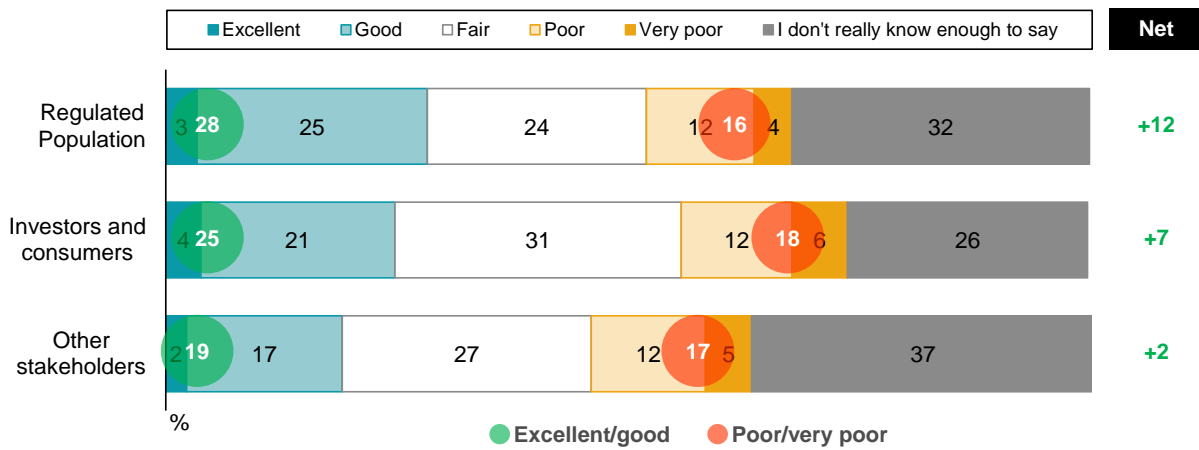
Q. Overall, how would you rate ASIC's performance in holding **auditors** to account? Would you rate it as .... Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 96: ASIC's work holding company directors to account by segment**



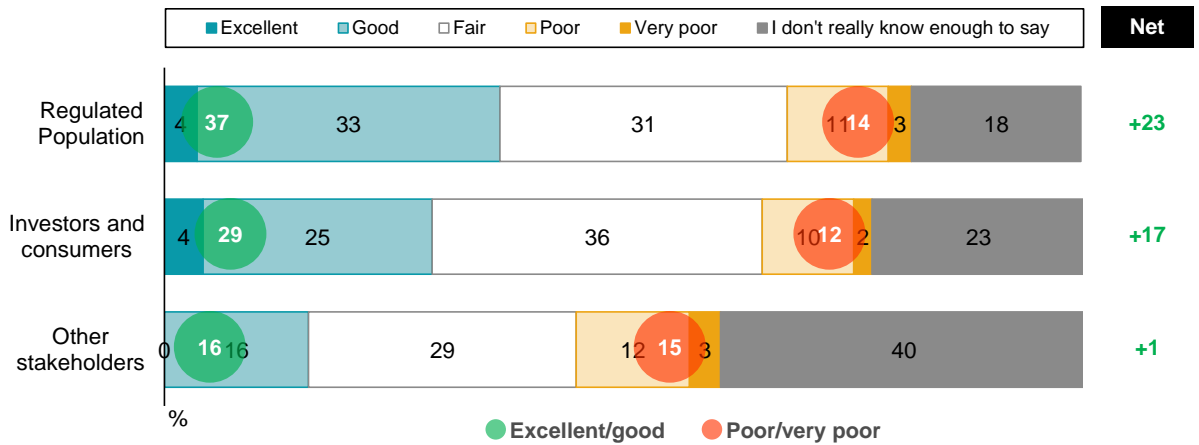
Q. Overall, how would you rate ASIC's performance in holding **company directors** to account? Would you rate it as .... Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF). N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 97: ASIC's work holding Insolvency practitioners to account by segment**



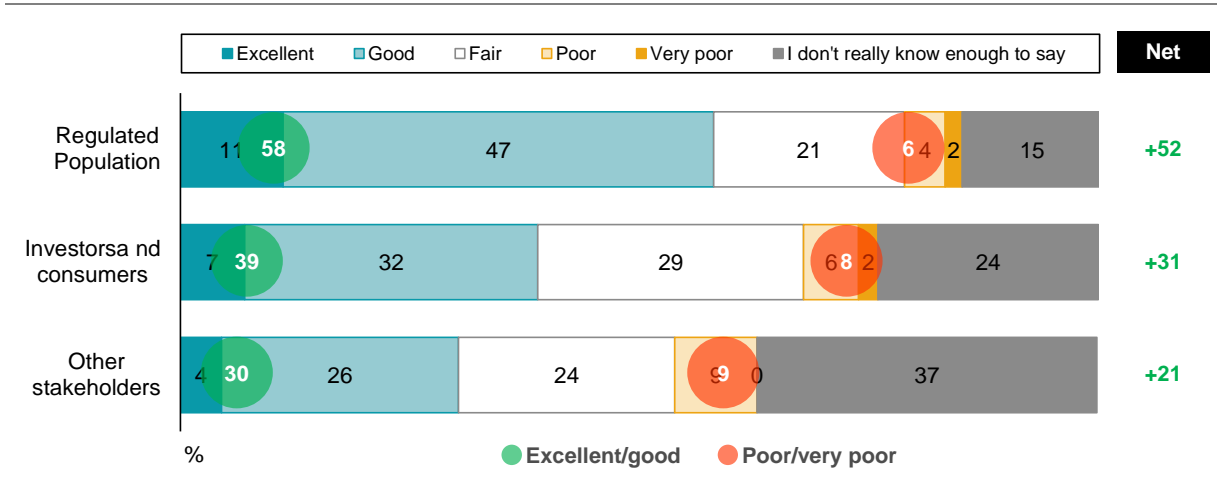
Q. Overall, how would you rate ASIC's performance in holding insolvency practitioners to account? Would you rate it as ....  
 Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 98: ASIC's work holding product manufacturers to account by segment**



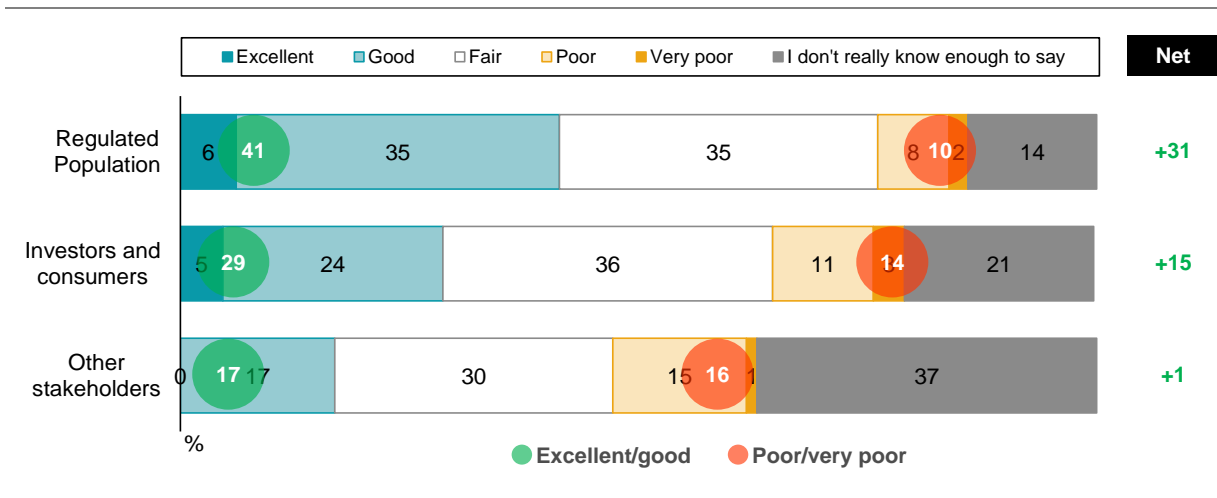
Q. Overall, how would you rate ASIC's performance in holding product manufacturers to account? Would you rate it as ....  
 Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 99: ASIC's work holding market operators to account by segment**



Q. Overall, how would you rate ASIC's performance in holding Market operators – e.g. ASX and Chi-X to account? Would you rate it as .... Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

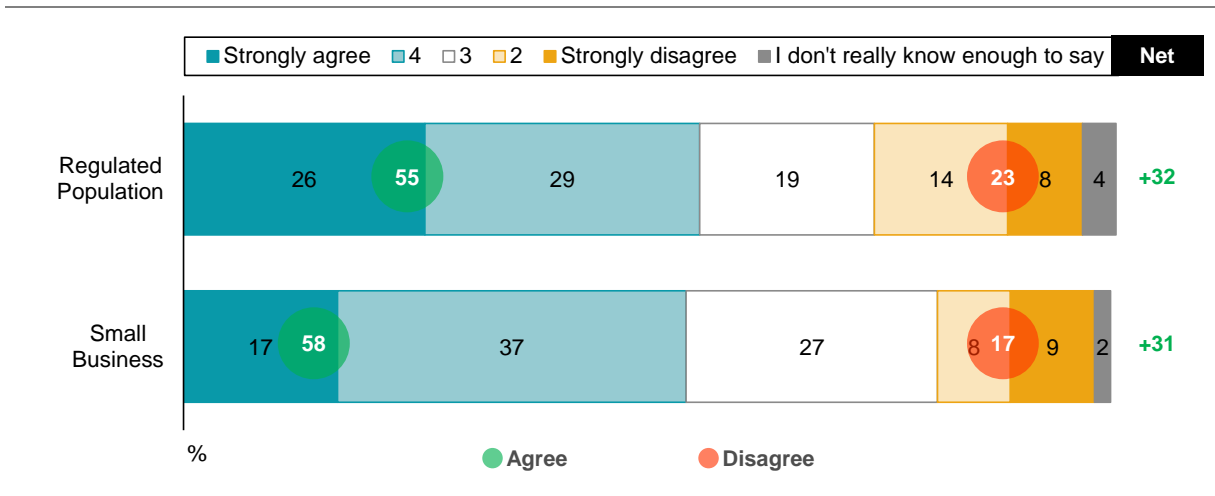
**Figure 100: ASIC's work holding market participants to account by segment**



Q. Overall, how would you rate ASIC's performance in holding Market participants (i.e. stockbrokers) to account? Would you rate it as .... Base: all those aware of ASIC (excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

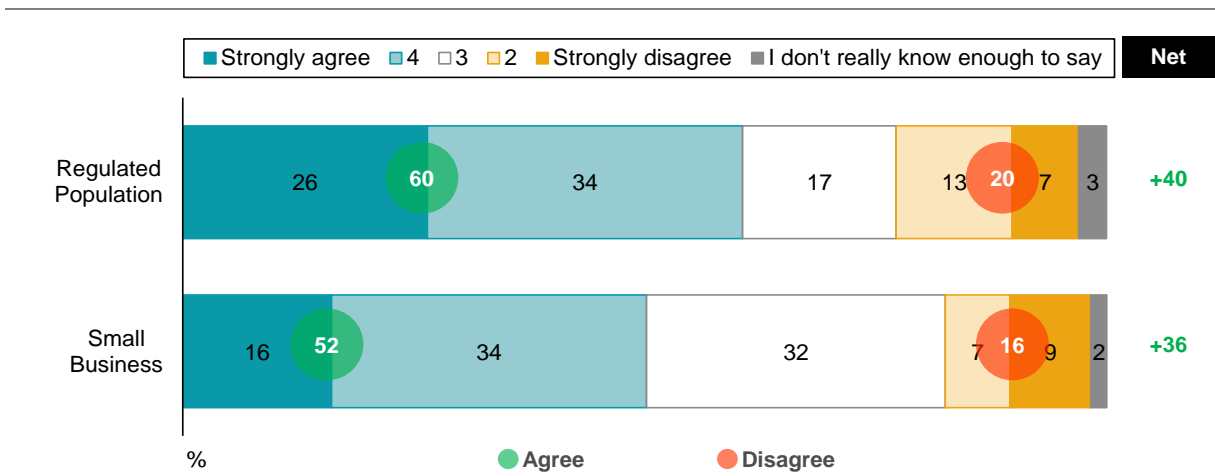
## Section 6. Efficient registration and licensing systems: ASIC's performance

**Figure 101: The process was easy by segment**



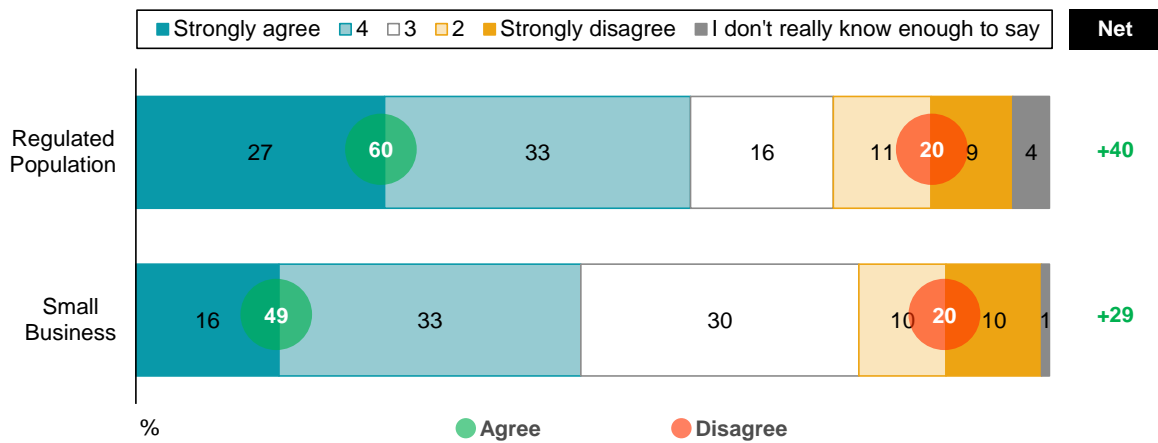
Q. Thinking about the process when you ... and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that. Base: using a service last 12 months. N=347; Regulated population N=224; Small business N=116.

**Figure 102: The process was efficient by segment**



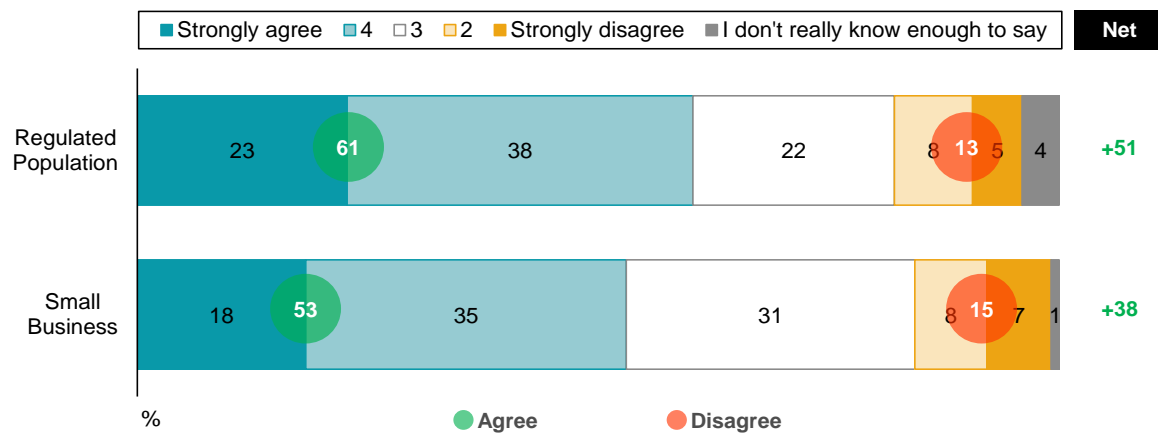
Q. Thinking about the process when you ... and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that. Base: using a service last 12 months. N=347; Regulated population N=224; Small business N=116.

**Figure 103: The process took a reasonable length of time by segment**



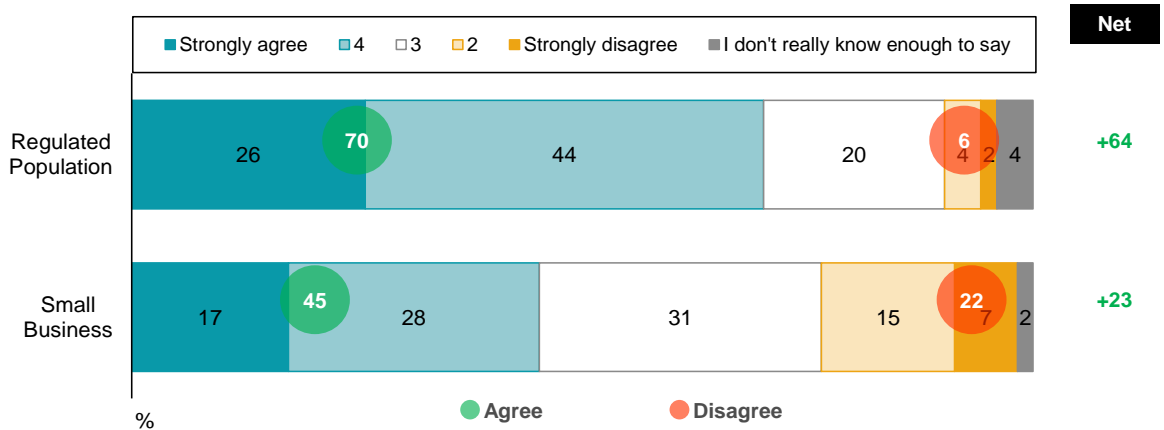
Q. Thinking about the process when you ... and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that. Base: using a service last 12 months. N=347; Regulated population N=224; Small business N=116.

**Figure 104: The process was easy to understand by segment**



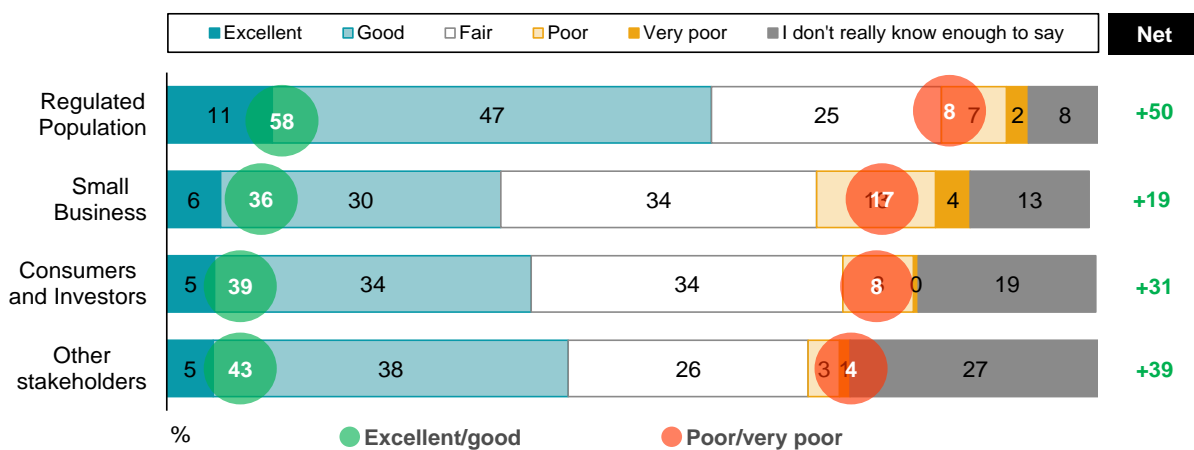
Q. Thinking about the process when you ... and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that. Base: using a service last 12 months. N=347; Regulated population N=224; Small business N=116.

**Figure 105: The cost was reasonable by segment**



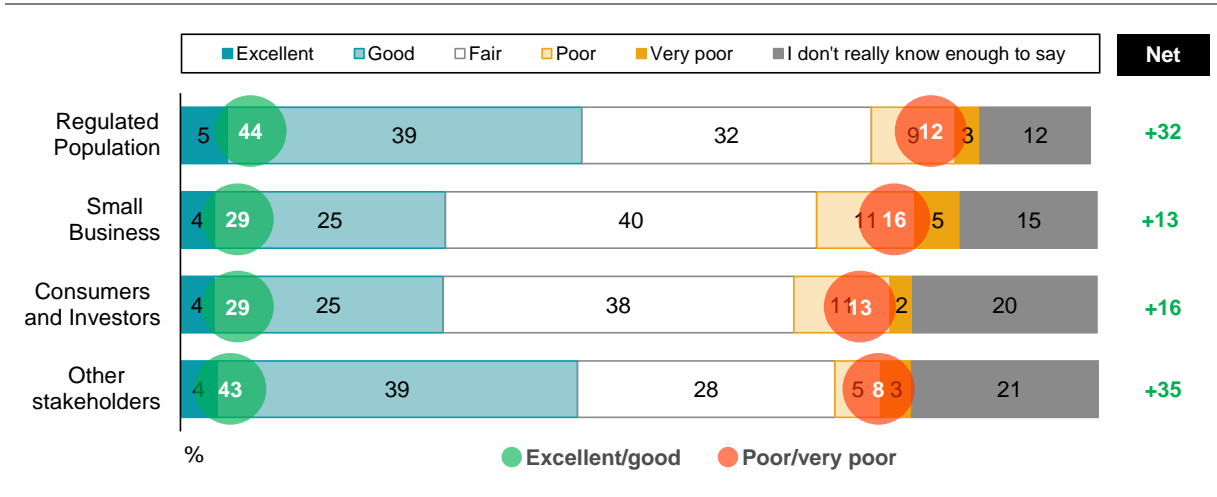
Q. Thinking about the process when you ... and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that. Base: using a service last 12 months. N=347; Regulated population N=224; Small business N=116.

**Figure 106: Efficient registering of companies by segment**



Q. Efficient registration and licensing for companies. Based on what you know of ASIC and its activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as... Base=all. N=1468 Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

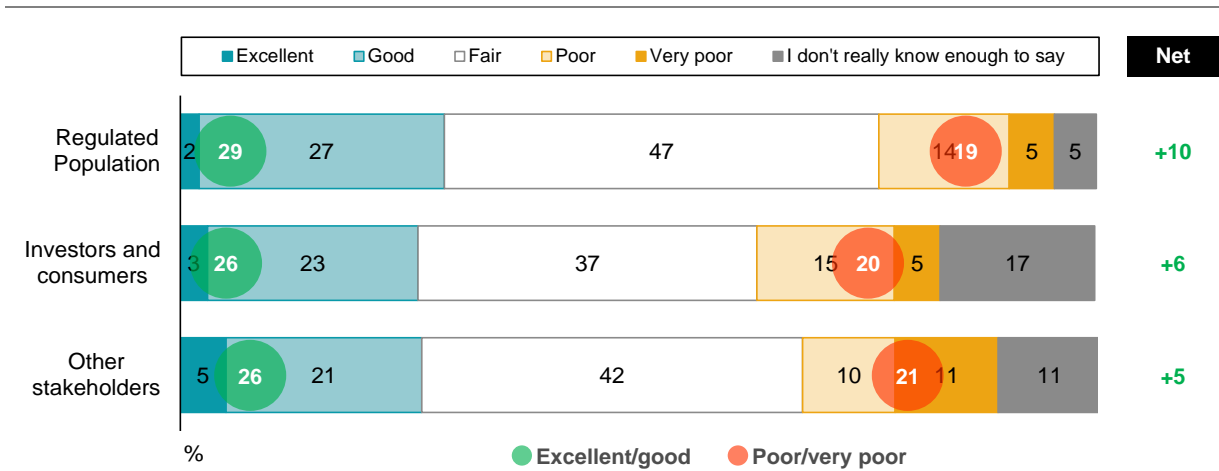
**Figure 107: Efficient registering of financial services by segment**



Q. Efficient registration and licensing for the financial services industry. Based on what you know of ASIC and its activities, overall how would you rate ASIC's performance on meeting this objective? Would you rate it as... Base=all. N=1468 Regulated population N=592; investors and consumers N=787; 'other stakeholders' N=89.

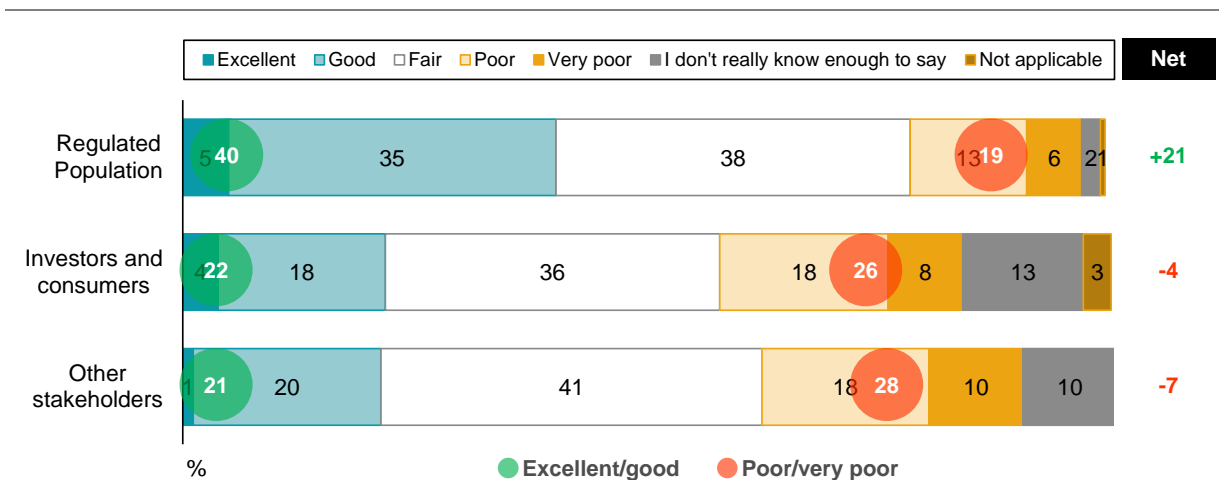
## Section 7. ASIC's activities

**Figure 108: ASIC performance in detecting unlawful conduct by segment**



Q. Overall, how would you rate ASIC on detecting unlawful conduct in the industries it regulates? Base: all those aware of ASIC (excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF). N=1200 Regulated population N=590; investors and consumers N=52; 'other stakeholders' N=89.

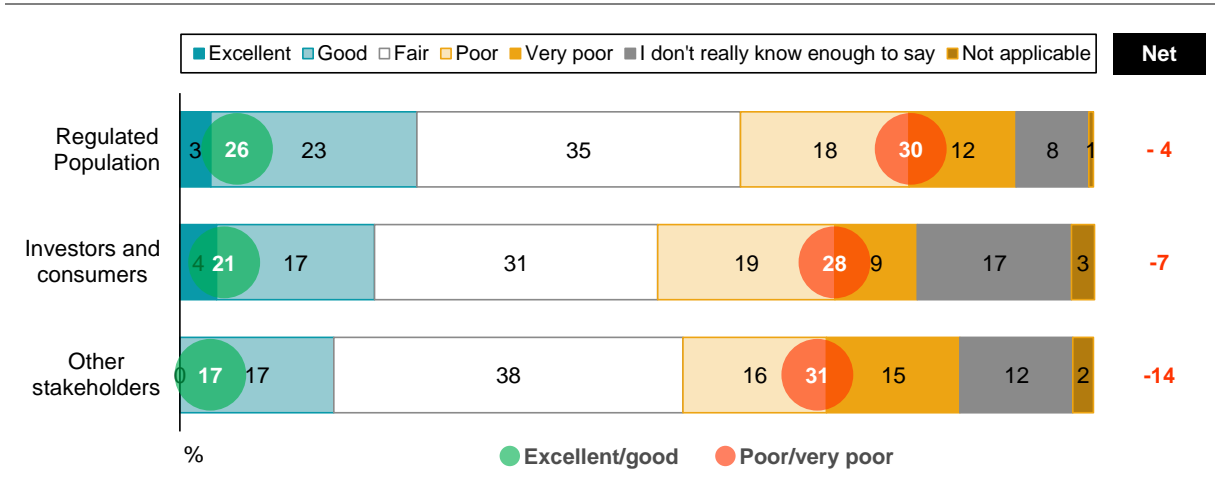
**Figure 109: ASIC performance in deterring individuals and organisations from engaging in misconduct by segment**



Q. Overall, how would you rate ASIC on deterring individuals or organisations from engaging in misconduct? Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

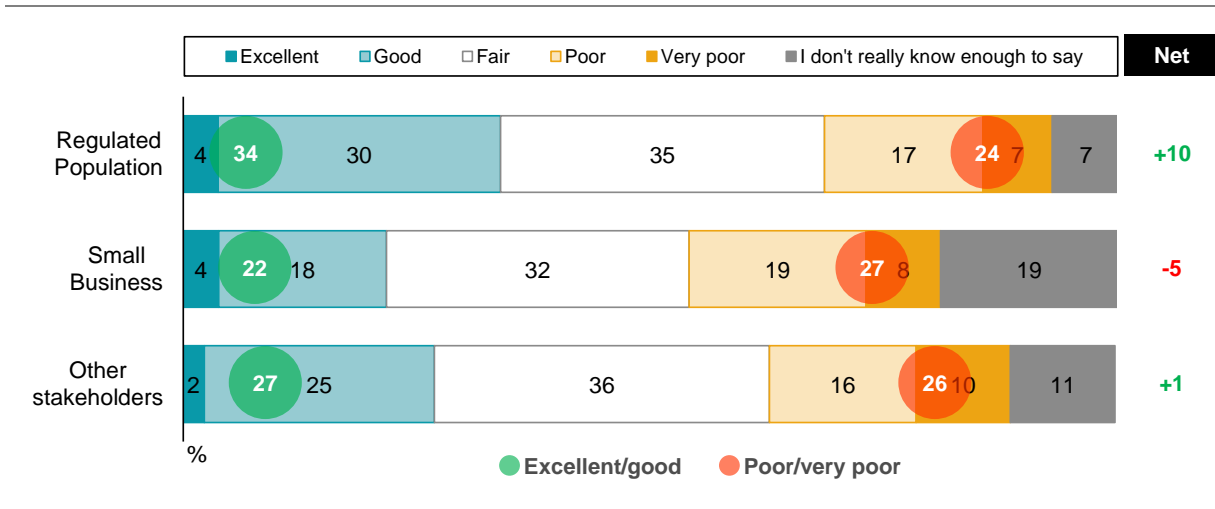


**Figure 110: ASIC performance in acting quickly to investigate breaches of the law by segment**



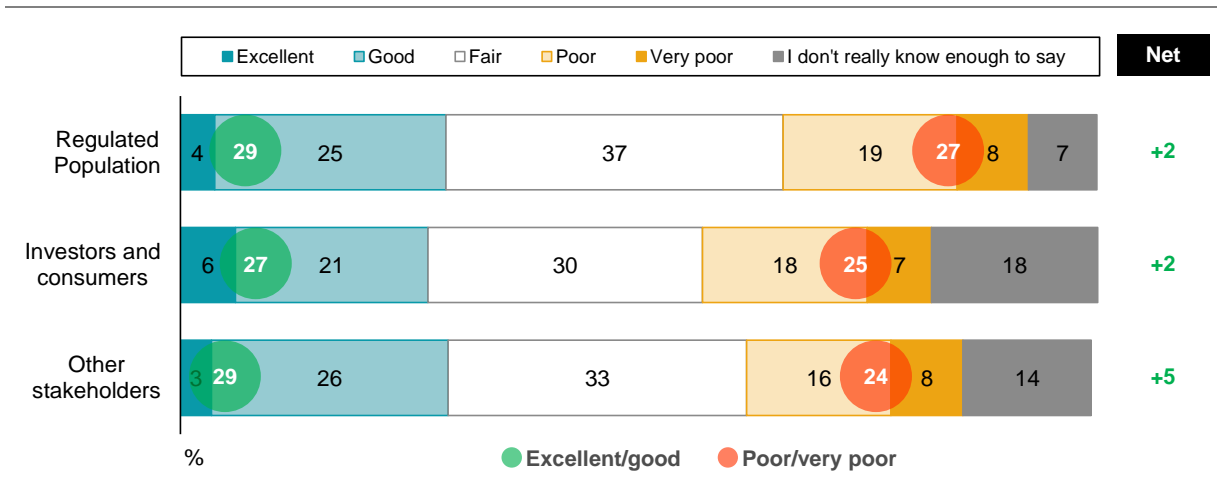
Q. Overall, how would you rate ASIC on acting quickly to investigate potential breaches of the law. Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 111: ASIC performance in penalising individuals or organisations who have engaged in misconduct by segment**



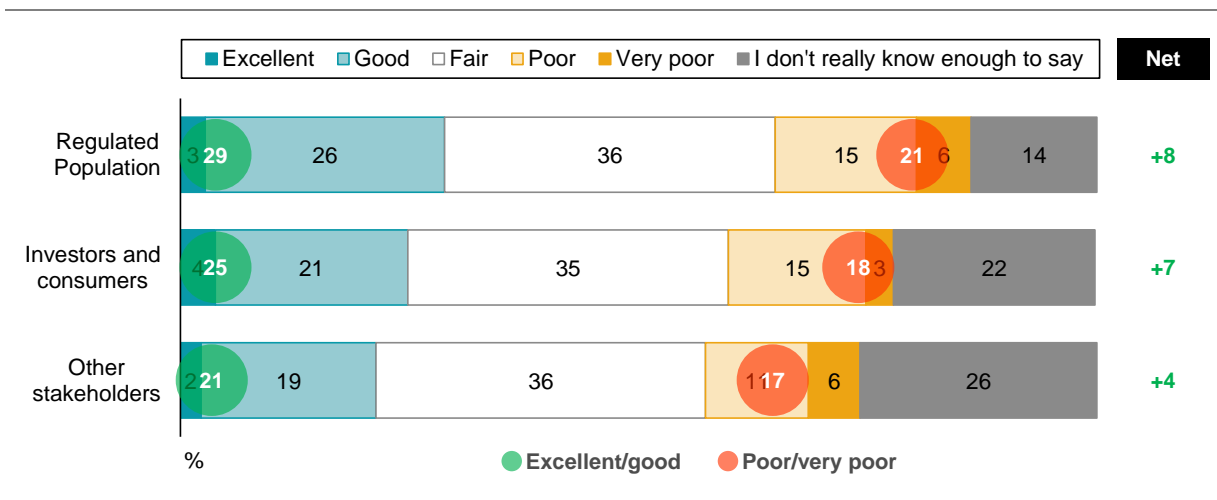
Q. Overall, how would you rate ASIC on penalising individuals or organisations who have engaged in misconduct? Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 112: ASIC performance in taking on the big and difficult cases by segment**



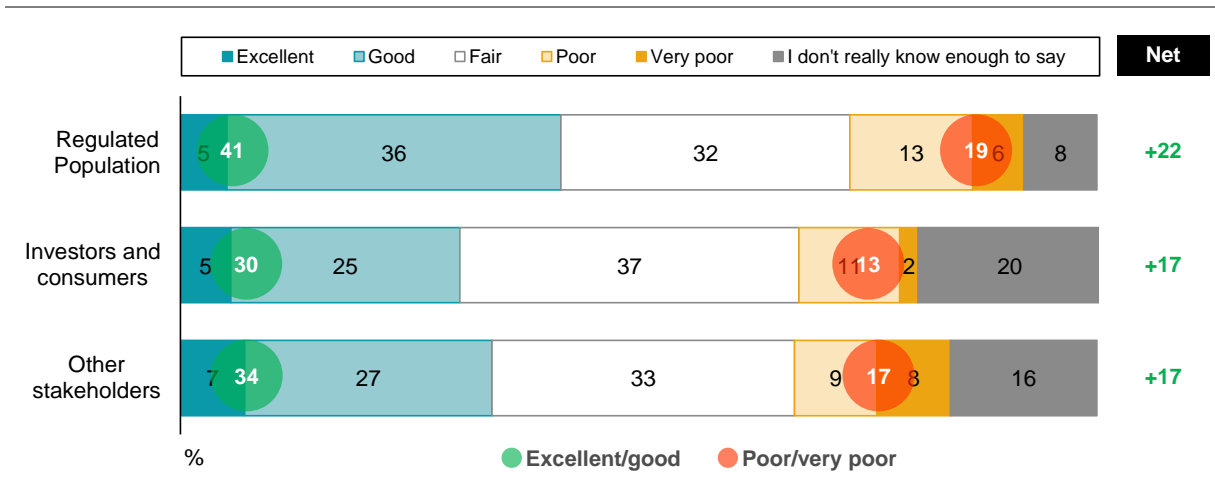
Q. Overall, how would you rate ASIC on taking on the big and difficult cases? Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 113: ASIC performance in being consistent when taking enforcement action by segment**



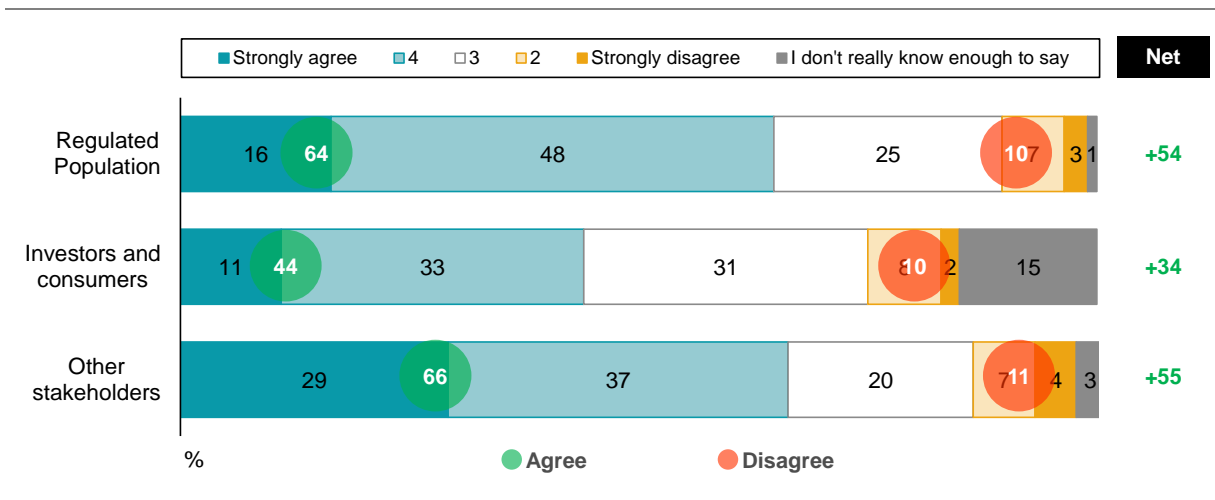
Q. Overall, how would you rate ASIC on being consistent when taking enforcement action? Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 114: ASIC performance in being transparent when taking enforcement action by segment**



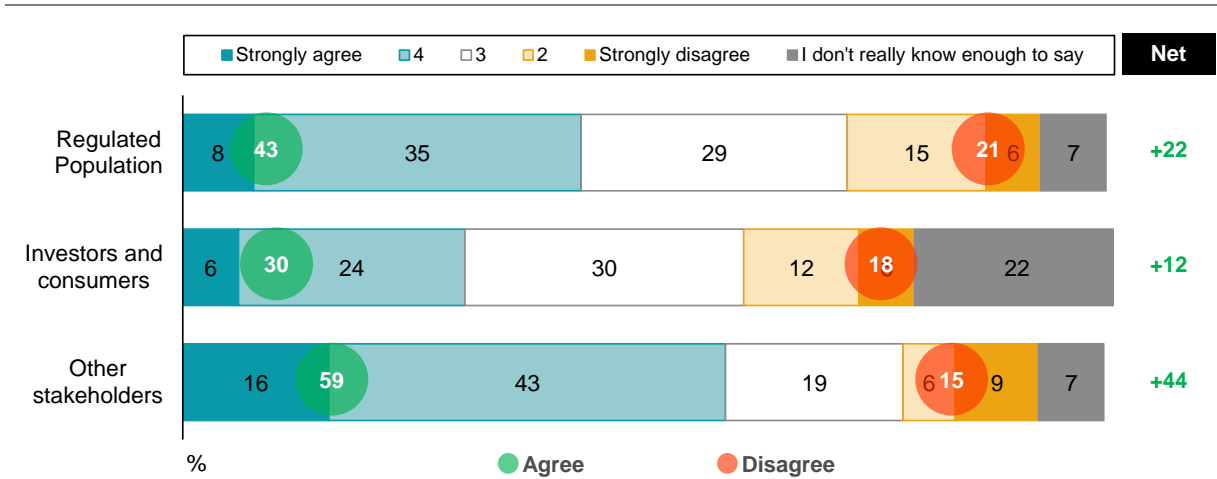
Q. Overall, how would you rate ASIC on being transparent about its reasons for taking enforcement action? Base: all those aware of ASIC excluding consumers who had no investments, or whose only investment was superannuation, unless that superannuation was an SMSF. N=1200 Regulated population N=590; investors and consumers N=521; 'other stakeholders' N=89.

**Figure 115: ASIC acts in a professional manner by segment**



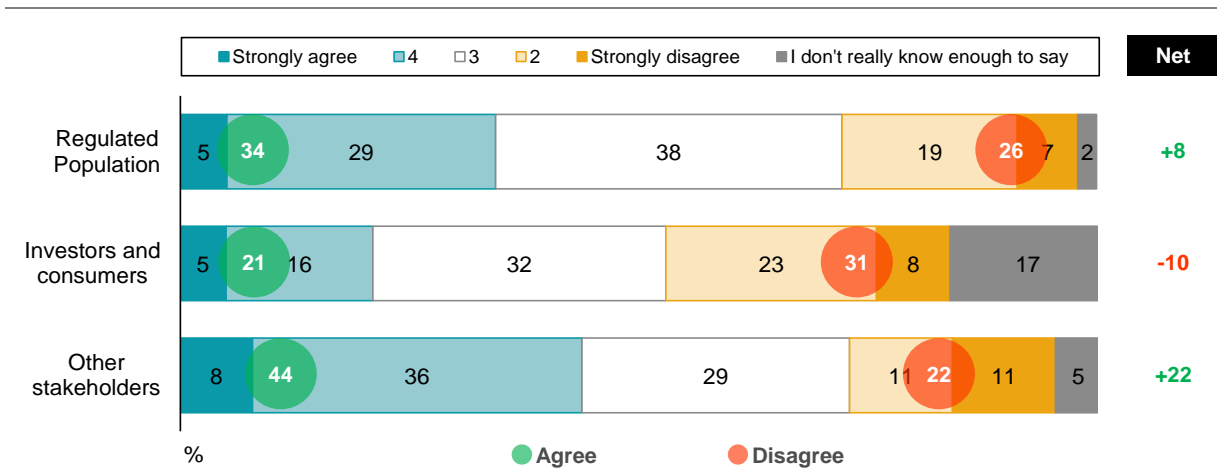
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 116: ASIC acts fairly towards all organisations and people this is communicate by segment**



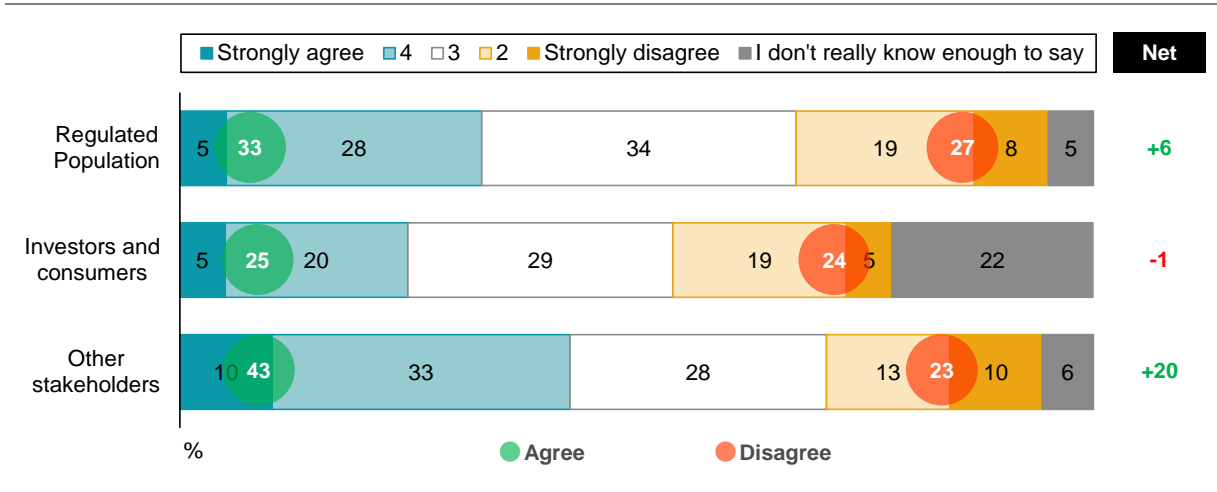
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 117: ASIC clearly communicates what it is doing by segment**



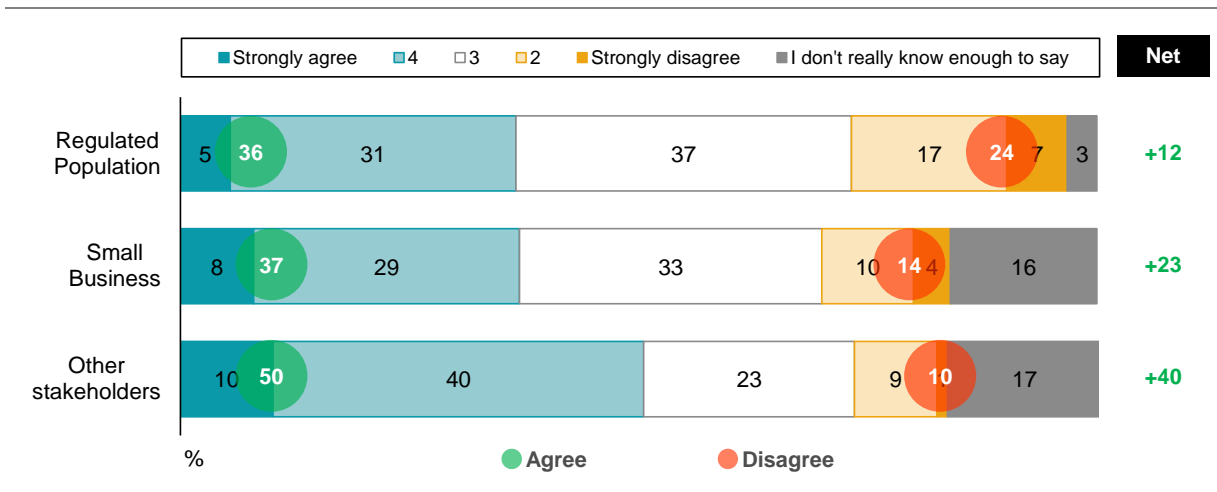
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 118: ASIC is transparent in the way it operates by segment**



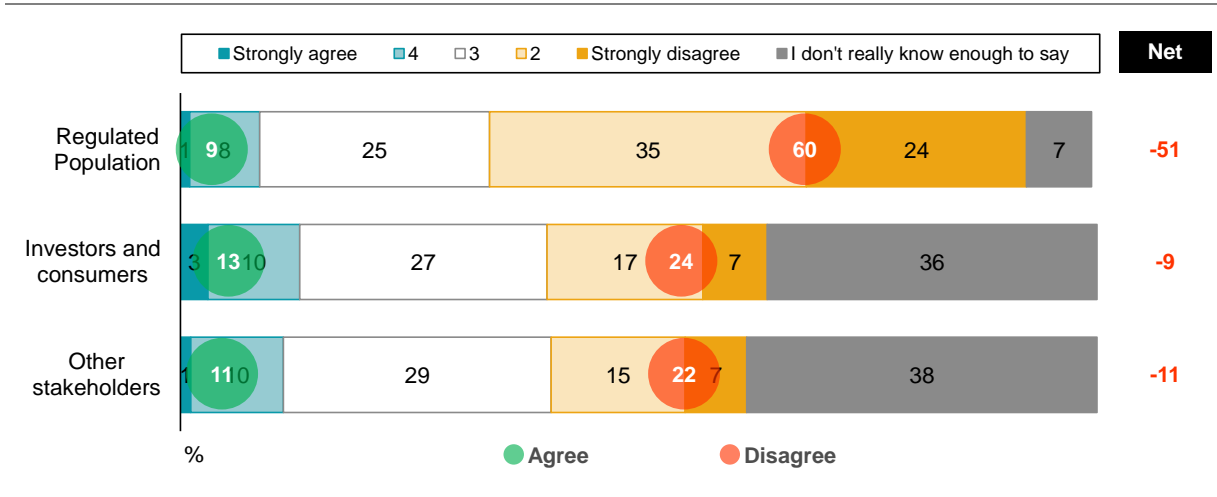
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 119: ASIC understands the industries and markets it regulates by segment**



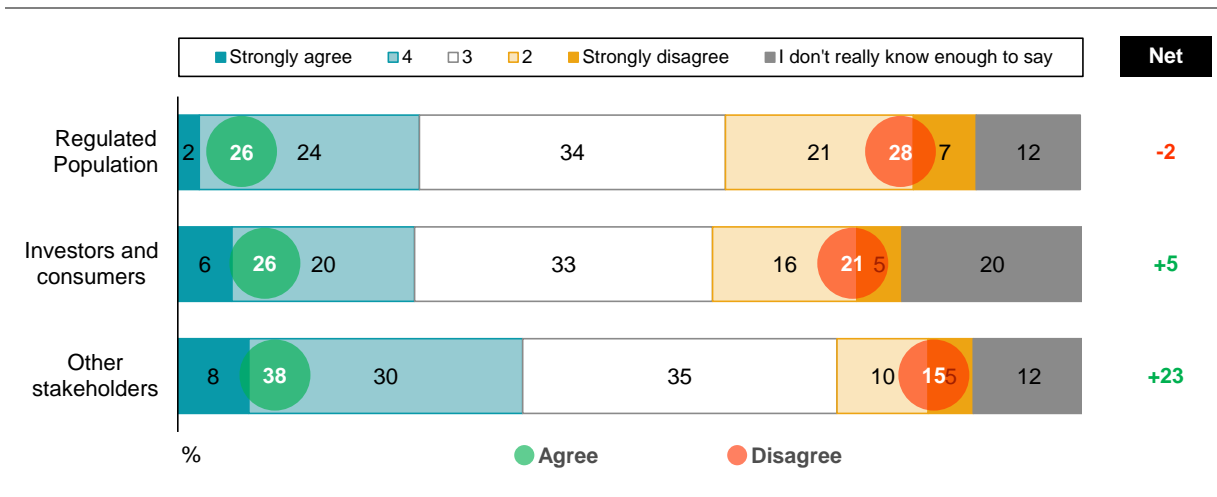
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 120: ASIC is reducing the red tape associated with compliance**



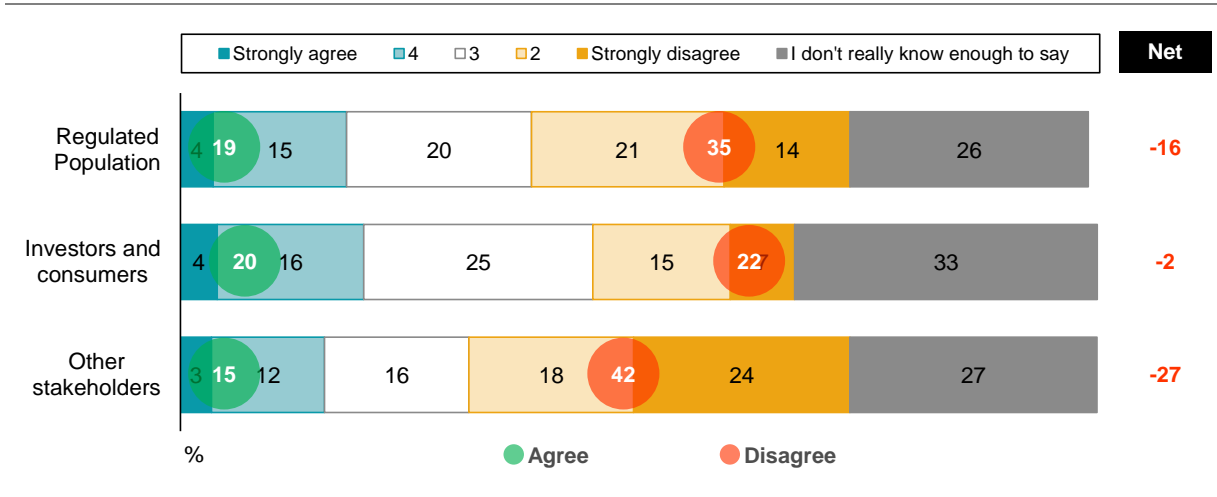
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 121: ASIC has a good understanding of how consumers make financial decisions by segment**



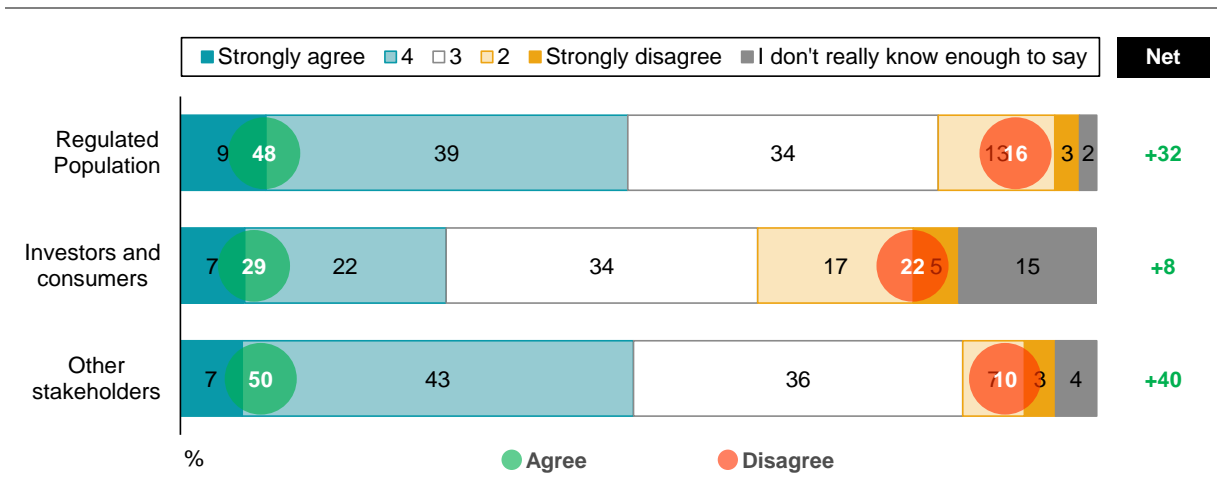
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 122: ASIC is sufficiently resourced to do its job**



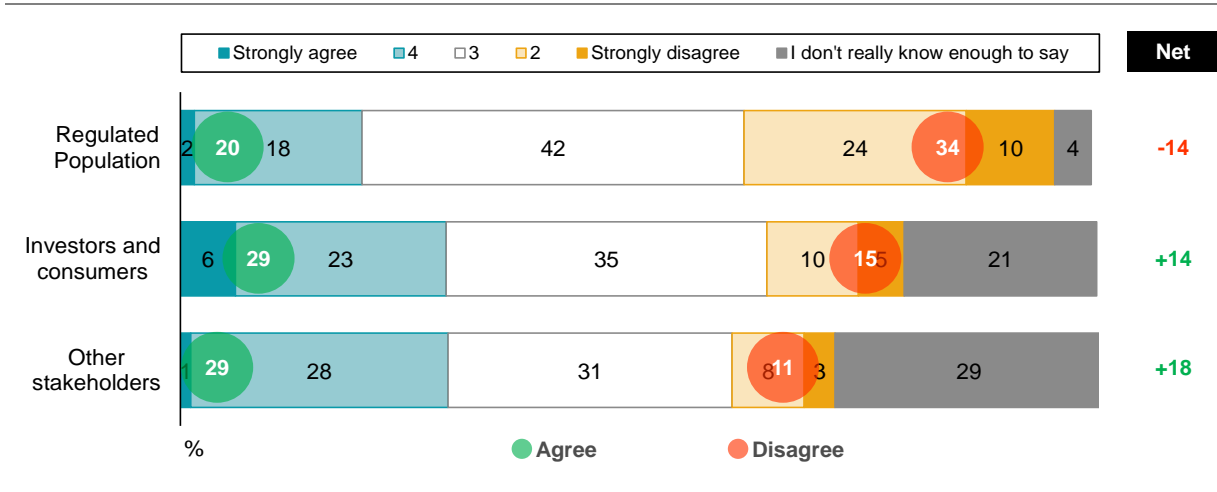
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 123: ASIC promotes confidence in Australia's financial system by segment**



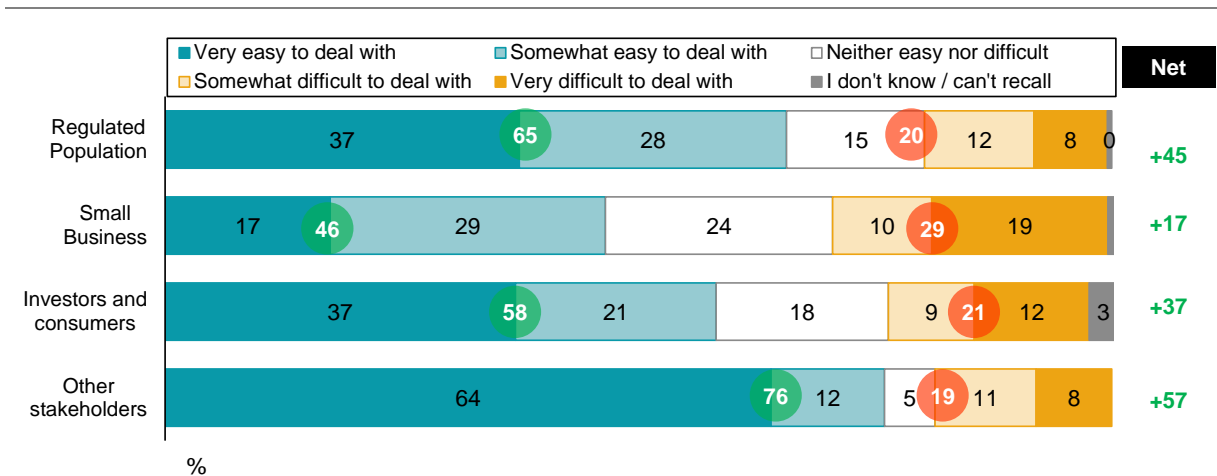
Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

**Figure 124: ASIC understands businesses by segment needs**



Q. These next questions ask about your perceptions of ASIC in more detail. Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. Base: all those aware of ASIC. N=1329 Regulated population N=590; investors and consumers N=650; 'other stakeholders' N=89.

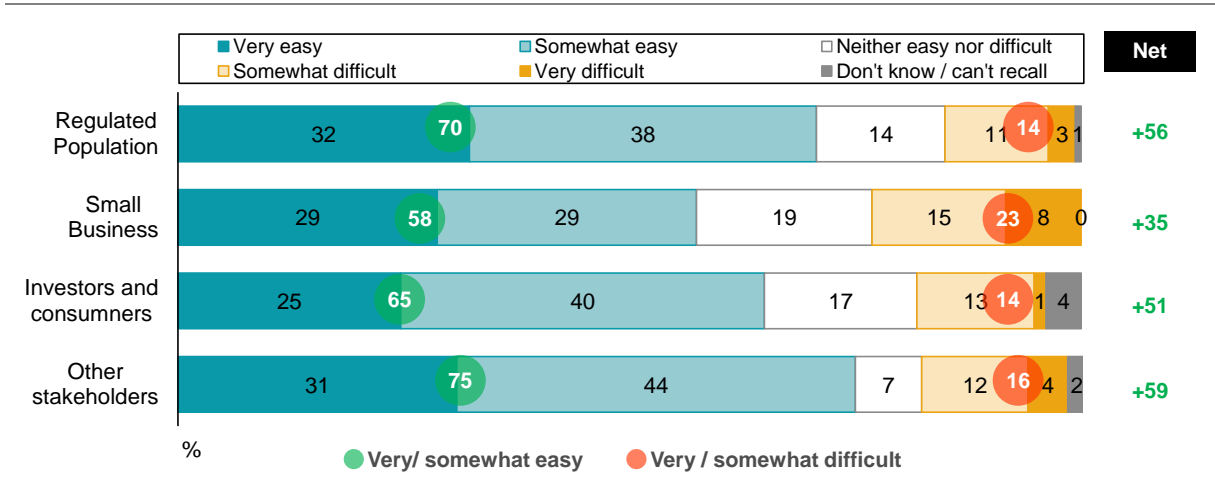
**Figure 125: How easy or difficult ASIC is to deal with by segment**



Q. How would you describe your dealings with ASIC (if dealt with ASIC last 12 months)? Base: all those dealt with N=619 Regulated population N=425; small business N=86; investors and consumers N=33; 'other stakeholders' N=75

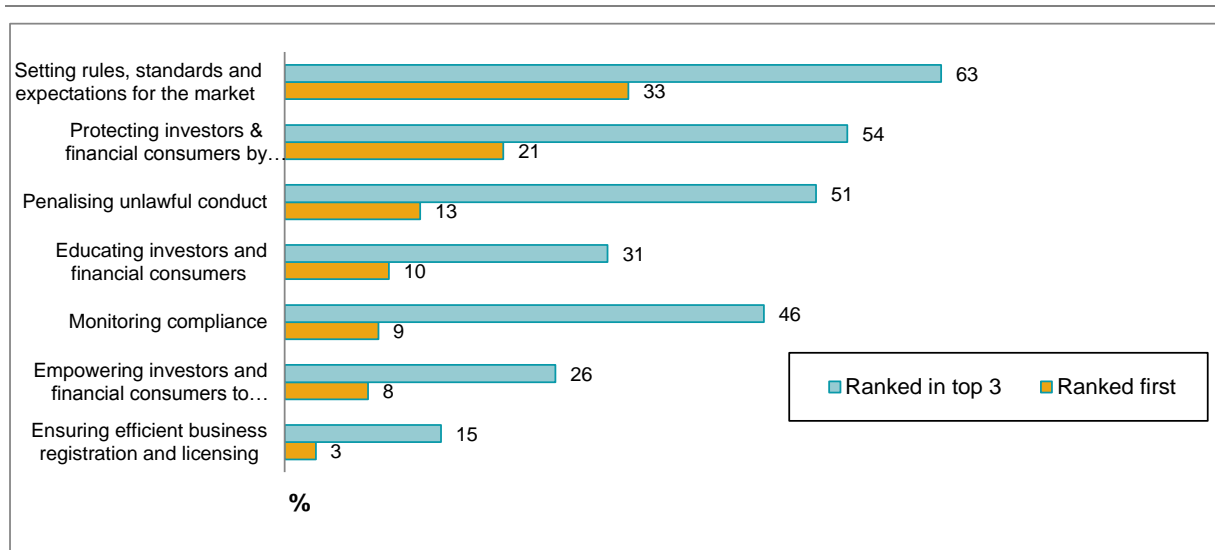


**Figure 126: How easy or difficult was ASIC's website search by segment**



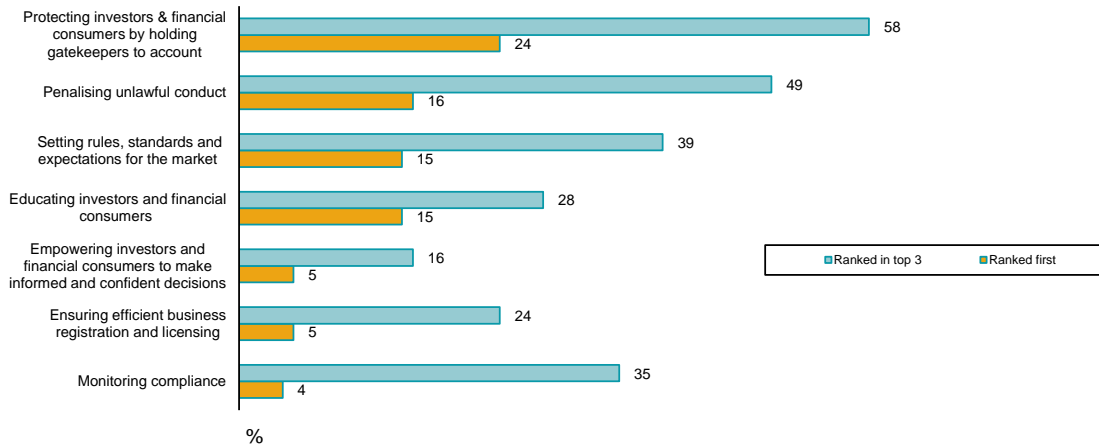
Q. Have you visited the ASIC website to do a search in the last twelve months? IF YES, in your opinion, was the search ...  
 Base: all those searched. N=724. Regulated population N=471; small business N=108; investors and consumers N=77; 'other stakeholders' N=68.

**Figure 127: How ASIC should prioritise its activities- the regulated population**



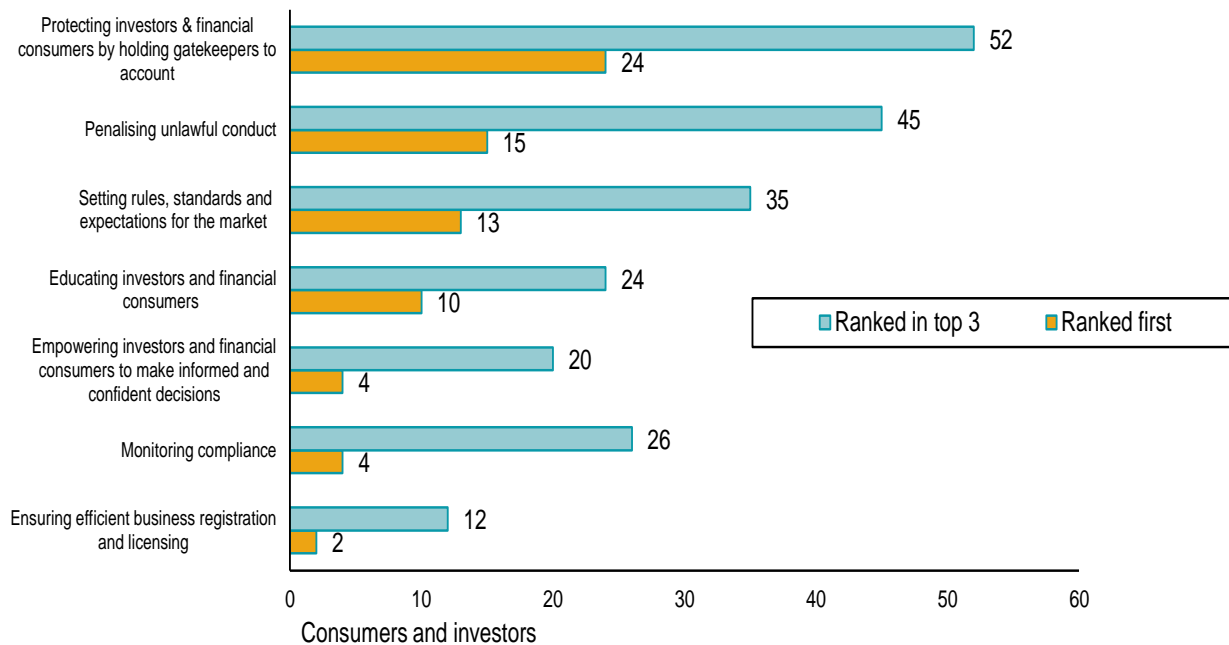
Q. Given its role as the corporate, markets and financial services regulator, how do you believe ASIC should prioritise its activities? I am going to read out a list of possible responsibilities for ASIC, given its role. Which of these do you personally believe should be ASIC's number one priority? ('Don't know' allowed). Which should be its second priority? ('Don't know' allowed) And third? ('Don't know' allowed) ? Base: all those aware of ASIC. Regulated population N=590;

**Figure 128: How ASIC should prioritise its activities- small business**



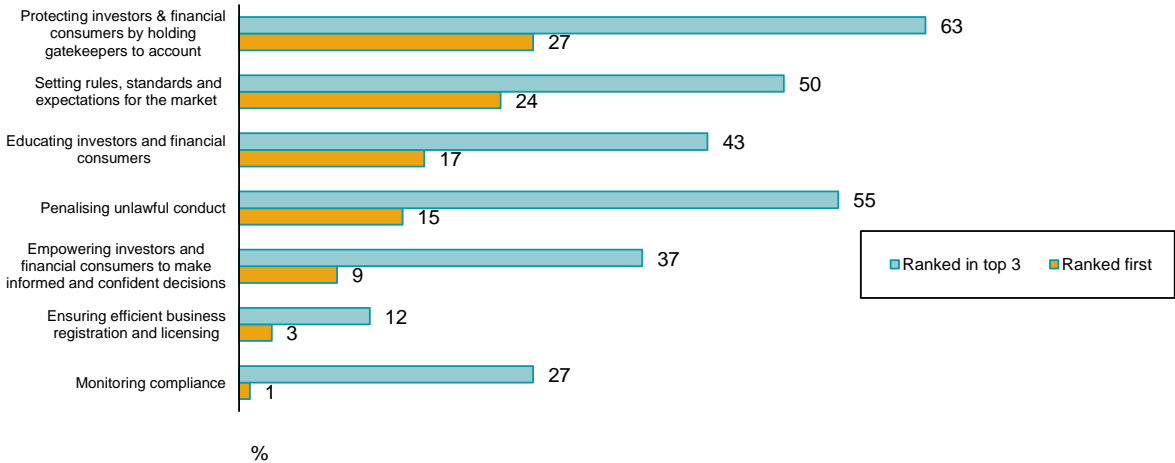
Q. Given its role as the corporate, markets and financial services regulator, how do you believe ASIC should prioritise its activities? I am going to read out a list of possible responsibilities for ASIC, given its role. Which of these do you personally believe should be ASIC's number one priority? ('Don't know' allowed). Which should be its second priority? ('Don't know' allowed) And third? ('Don't know' allowed) ? Base: all those aware of ASIC. Small business N=249

**Figure 129: How ASIC should prioritise its activities- investors and consumers**



Q. Given its role as the corporate, markets and financial services regulator, how do you believe ASIC should prioritise its activities? I am going to read out a list of possible responsibilities for ASIC, given its role. Which of these do you personally believe should be ASIC's number one priority? ('Don't know' allowed). Which should be its second priority? ('Don't know' allowed) And third? ('Don't know' allowed) ? Base: all those aware of ASIC.

**Figure 130: How ASIC should prioritise its activities- 'other stakeholders'**



Q. Given its role as the corporate, markets and financial services regulator, how do you believe ASIC should prioritise its activities? I am going to read out a list of possible responsibilities for ASIC, given its role. Which of these do you personally believe should be ASIC's number one priority? ('Don't know' allowed). Which should be its second priority? ('Don't know' allowed) And third? ('Don't know' allowed) ? Base: all those aware of ASIC. Other stakeholders N=89.

## **ASIC Stakeholder survey 2013 ONLINE VERSION**

### **What this survey is about**

Thank you for taking part in the ASIC Stakeholder Engagement survey.

The Australian Securities and Investments Commission (ASIC) has commissioned Susan Bell Research to design and conduct the survey, among key industry groups and members of the general public.

This survey is about what Australians – whether they work in big business, small business, government, or are members of the general public – think of Australia’s financial system and ASIC’s role and performance.

We are very interested in everyone’s views - you do not need to be familiar with ASIC, or to have special knowledge about the ‘financial system’ to complete this survey.

### **It will take about 15 minutes**

Please complete the whole survey – it will take about 15 minutes. If you don’t have time to finish it in one sitting, you can save it and return to it later. Remember - it is not a test. There are no right or wrong answers – it is your opinion that counts.

### **Confidentiality guarantee**

Susan Bell Research will only provide aggregated data to ASIC. ASIC will be unable to identify individuals and organisations who have taken part.

### **Who is Susan Bell Research?**

Susan Bell Research is a professional market and social research agency ([www.sbresearch.com.au](http://www.sbresearch.com.au)). We are a member of Australian Market and Social Research Organisations (AMSRO) and therefore comply with the Market and Social Research Privacy Principles (M&SRPPs). The company’s researchers are members of the Australian Market and Social Research Society (AMSRS) and comply with the Professional Code of Behaviour.

You can also find information about Susan Bell Research by contacting the AMSRS Surveyline on 1300 364 830. Please contact [suebell@sbresearch.com.au](mailto:suebell@sbresearch.com.au) if you have any problems completing the survey.

If you wish to confirm this survey is being conducted on behalf of ASIC please call the ASIC Infoline on **1300 300 630**

Australian Government Statistical Clearing House Approval Number 02314 -- 01.

### **How do I complete this survey...?**

#### **To answer a question...**

Most questions have radio buttons to click or check boxes to tick. Mark your selection with a black dot or a tick to answer the questions. Sometimes you may need to type your answers in the spaces provided.

#### **To change an answer...**

For questions with a single choice, click on a different button. For questions with multiple choices, click again on your original answer to clear the box and make a new choice.

**To go to the next question...**

Once you have completed all questions on the page you will need to click the 'Next' button at the bottom of the screen. Sometimes you will need to scroll down the page to see the 'Next' button.

**To submit all your answers...**

In order for your answers to be sent you must click the 'Submit' button at the end of the survey.

To begin the survey, please click 'Next'...

**S1.**—When you visited the ASIC or MoneySmart website, was that in your role as .....

*Please select one option.*

Top 500 Listed companies	a CEO or Director	1
	a CFO	2
Responsible entities; investment banks and superfund trustees	an executive with a fund manager (Responsible Entity)	3
	an executive with an Investment Bank	4
	an executive with a superfund trustee	5
	an executive of an organisation that provides custodial and depository services as their main business	6
ADIs, insurers, other credit licensees	an executive with a bank, building society or credit union, or finance company	7
	an executive with an insurance company	8
	a credit intermediary (e.g. a broker, aggregator or other credit licensee)	9
Market operators and stockbrokers	an executive with a market operator	10
	a market participant or stockbroker	11
External auditors	an auditor	12
Other accountants - corporate	an accountant	13
Financial planners	a financial planner or adviser	14
Insolvency practitioners	an insolvency practitioner	15
Lawyers with large business clients	a lawyer	16
Small business	a small business owner	17
Investors in equity-based investments	An investor	18
Consumers	A member of the general public	19
Users of ASIC's website		20
MoneySmart website users		21
Associations	an executive with the industry Association	22
Government agencies	a public servant	23
Financial literacy stakeholders	in your work with financial literacy	24
Journalists	a journalist	25
Other ASIC panel members	a member of an ASIC panel	26
Other (specify)	other	27

**ASK S2 – 6 FOR IF S1 CODE 18 or 19 ONLY****S2.** First of all, do you directly hold any of the following investments?*Please select all that apply..*

A managed fund	1	Qualifies as Investor
Shares (not in a managed fund)	2	Qualifies as Investor
Other listed investments (such as options and warrants) not in a managed fund	3	Qualifies as Investor
None of these	4	Qualifies for consumer non-investor
Don't know	5	Qualifies for consumer non-investor

**S3.** Consumers / investors only: Do you have a self-managed super fund?

Yes:	1	Qualifies as Investor
No	2	Qualifies for consumer non-investor
Don't know	3	Qualifies for consumer non-investor
Prefer not to say	4	Qualifies for consumer non-investor

**S4.** Consumers / investors and small business only Where do you live? **QUOTA CONTROL**

ACT	1	
New South Wales	2	
Northern Territory	3	
Queensland	4	
South Australia	5	
Tasmania	6	
Victoria	7	
Western Australia	8	
Prefer not to say	9	

**S5.** How old are you? **QUOTA CONTROL**

18-24	1	
25-29	2	
30-34	3	
35-39	4	
40-44	5	
45-49	6	
50-54	7	
55-59	8	
60-64	9	
65-69	10	
70-74	11	
75-79	12	
80 and over	13	
Prefer not to say	14	

**S6.** RECORD GENDER **QUOTA CONTROL**

Male	1	
Female	2	

## Your views on the financial marketplace in Australia

**Q1A. ALL RESPONDENTS** How do you feel about our 'financial system' in Australia?

We are interested in your answer to this whether or not this is something you know a lot about – we are looking for a cross-section of views.

### ASK FOR EACH BELOW, ROTATE ORDER AT ALTERNATE INTERVIEWS

What is your view on how the Australian public feels when participating in the financial system? By 'participate in the financial system', we mean having bank accounts, loans insurance policies, stocks and shares and other investments and the like.

Where 5 is strongly agree and 1 is strongly disagree, how strongly do you agree or disagree that the Australian public feels confident when participating in the Australian financial system? Select the number from 5 to 1 which expresses how you feel .... or '6' for don't know.

The Australian public feels confident when participating in the financial system	Strongly agree				Strongly disagree	I don't really know enough to say
	5	4	3	2	1	6

How strongly do you agree or disagree that the Australian public is well informed about financial matters? Please use the scale below.

The Australian public is well informed about financial matters	Strongly agree				Strongly disagree	I don't really know enough to say
	5	4	3	2	1	6

How strongly do you agree or disagree that the Australian financial markets are fair and efficient? By financial markets we mean facilities (for example, the ASX and Chi-X) on which financial products (for example, shares) can be traded.

	Strongly agree				Strongly disagree	I don't really know enough to say
The Australian financial markets are fair and efficient	5	4	3	2	1	6

**Q1B. ALL RESPONDENTS**

This next question is about the Australian Securities and Investments Commission,(ASIC). Please tell us how familiar you are with ASIC and its activities

*Please select one below*

I am aware of ASIC and familiar with most of its activities	1	<b>CONTINUE</b>
I am aware of ASIC and familiar with some of its activities	2	<b>CONTINUE</b>
I am aware of ASIC but I am not really familiar with what it does	3	<b>CONTINUE</b>
I don't know anything about ASIC and its activities	4	<b>GO TO Q 2A</b>

**INTERNAL USE ONLY: Quota to be set on 'not familiar with ASIC' (Max 50% of the consumer non-investor online panel segment)**

**Q1C. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

We understand that you are broadly familiar with ASIC, or familiar with some or all of its activities.

We are inviting you today to share your perceptions of ASIC in your role as a (FROM S1 E.G. 'ACCOUNTANT', FINANCIAL PLANNER....).

Taking everything into account, overall, how would you rate the current performance of ASIC in its role as the corporate, markets and financial services regulator?  
(Don't worry if you don't know – just select the 'don't know' option).

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

**Q1D. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

ASIC conducts this survey every two years or so. Overall, how do you think ASIC's current performance compares with two years ago?

Much better than 2 years ago	1
Slightly better than 2 years ago	2
About the same as 2 years ago	3
Slightly worse than 2 years ago	4
Much worse than 2 years ago	5
I don't really know enough to say	6



**Q1E. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

We now have some more questions about ASIC.

**ROTATE ORDER OF ASKING THESE FOUR OBJECTIVES**

ASIC has as one of its objectives that **investors and financial consumers in Australia should be confident and informed.**

(‘Financial consumers’ are consumers of financial products and services)

Based on what you know of ASIC’s activities, overall how would you rate ASIC’s performance on meeting this objective? Would you rate it as...

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

One of ASIC’s objectives is that **Australian financial markets should be fair and efficient.**

Based on what you know of ASIC’s activities, overall how would you rate ASIC’s performance on meeting this objective? Would you rate it as...

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

One of ASIC’s objectives is for **efficient registration and licensing for companies.**

Based on what you know of ASIC’s activities, overall how would you rate ASIC’s performance on meeting this objective? Would you rate it as

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

One of ASIC’s objectives is for **efficient registration and licensing for the financial services industry.**

Based on what you know of ASIC’s activities, overall how would you rate ASIC’s performance in meeting this objective? Would you rate it as...

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

**Q1F. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

**Thank you.** These next questions ask about your perceptions of ASIC in more detail.

Feel free to use the 'don't know' option if you cannot answer these questions.

5 is strongly agree and 1 is strongly disagree, would you agree or disagree that .. how strongly do you agree or disagree with the opinions expressed below?

**(ROTATE ORDER OF STATEMENTS – SPLIT UP INTO GROUPS OF 3-4 AND REPEAT THE QUESTION**

Overall	Strongly agree				Strongly disagree	I don't really know enough to say
ASIC acts in a professional manner	5	4	3	2	1	6
ASIC acts fairly towards all organisations and people	5	4	3	2	1	6
ASIC clearly communicates what it is doing	5	4	3	2	1	6
ASIC is transparent in the way it operates	5	4	3	2	1	6
ASIC understands the industries and markets it regulates	5	4	3	2	1	6
ASIC is reducing the red tape associated with compliance	5	4	3	2	1	6
ASIC has a good understanding of how consumers make financial decisions	5	4	3	2	1	6
ASIC is sufficiently resourced to do its job	5	4	3	2	1	6
ASIC promotes confidence in Australia's financial system	5	4	3	2	1	6
ASIC understands businesses' needs	5	4	3	2	1	6

Thank you for answering these questions for us. We value the input of everyone who is taking part in this survey. We now have some questions about investors and consumers in Australia.

## ALL RESPONDENTS

**Q2A.** Using the same agree strongly - disagree strongly scale you used before, and based on what you personally know about the Australian public - Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree how strongly do you agree or disagree that in Australia.....

### ROTATE ORDER OF THE ITEMS IN THE BOX

	Strongly agree				Strongly disagree	I don't really know enough to say
Overall, investors and consumers can access financial advice that meets their needs.	5	4	3	2	1	6
Overall, investors and consumers get reliable information when they buy financial products.	5	4	3	2	1	6
Overall, investors and consumers are adequately protected by existing levels of product disclosure for the financial products they buy. By 'product disclosure' we mean information about the key features, fees, commissions, benefits, risks and the complaints handling procedure of financial products.	1	4	3	2	1	6
Among investors and consumers, awareness of the risks associated with investing is improving	5	4	3	2	1	6

**Q2B.** Now some questions about the organisations which provide financial products and services. 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that... .. would you agree or disagree that....

### ROTATE ORDER OF THE ITEMS IN THE BOX

	Strongly agree				Strongly disagree	I don't really know enough to say
Organisations involved in providing financial products and services (such as banks, finance companies, superannuation providers, insurance companies and other credit licensees) operate with integrity	5	4	3	2	1	6
Financial advisers operate with integrity	5	4	3	2	1	6
Fund managers operate with integrity	5	4	3	2	1	6
The financial services industry manages conflicts of interest effectively						

**Q2C IF CODES 18 or 19 IN S1 ASK:** How well do you believe that the general public – people like yourself - understand....

We are interested in your answer whether or not this is something you know a lot about – we are looking for a cross-section of views.

**EVERYONE ELSE ASK:** How well do you believe that Australian consumers and investors understand...

**ROTATE ORDER OF THESE THREE ITEMS**

...that high return investments are also likely to involve high risk?

They understand this very well	They understand this quite well	They do not understand this very well	They do not this understand at all	Don't know
1	2	3	4	5

.....the importance of diversification when investing?

They understand this very well	They understand this quite well	They do not understand this very well	They do not this understand at all	I don't really know enough to say
1	2	3	4	5

.....the risks involved in complex investment products such as CFD's, synthetic ETFs (exchange-traded funds), capital-protected products, some debentures, hedge funds, and capital notes, also known as 'hybrids'?

They understand this very well	They understand this quite well	They do not understand this very well	They do not this understand at all	I don't really know enough to say
1	2	3	4	5

**Q2D IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

This section is about whether ASIC is helping to empower consumers and investors to make better financial decisions ...

If you have a view on this please share it with us by answering the questions below. If you don't know, that is fine too - just select the 'don't know' button in each case..

**ROTATE ORDER OF THESE THREE ITEMS**

How would you rate ASIC's performance in helping the general public become more financially literate?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

How would you rate ASIC's performance in providing investors and consumers with relevant tools for making good financial decisions?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

How would you rate ASIC's performance in ensuring effective disclosure for financial products and services?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

**IF S2 IS NONE OF 1,2 OR 3 AND NEITHER IS S3 1, GO TO 6A – IE, THIS IF CONSUMERS WHO HAVE NO INVESTMENTS AND NO SMSF – THEY NOW GO STRAIGHT TO 6a)**

**EVERYONE ELSE: CONTINUE**

### **Australian financial markets and companies**

This section is about Australian financial markets. By 'financial markets' we mean "facilities (for example, the ASX and Chi-X) on which financial products (for example, shares) can be traded.

We understand that some people will know more about these issues than others – but we hope that everyone reads and thinks carefully about each statement. If you really don't know, just select the don't know option.

**Q3A.** Based on what you know about the Australian financial markets, where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that...

**ROTATE ORDER OF THE ITEMS IN THIS BOX**

	Strongly agree				Strongly disagree	I don't really know enough to say
Overall, the Australian financial markets provide a level playing field for investors.	5	4	3	2	1	6
Overall, Australian financial markets operate with transparency	5	4	3	2	1	6
Overall, the Australian financial markets are run in an orderly fashion.	5	4	3	2	1	6

These next questions are about the activities of **companies** in Australia.

Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that ...?

**ROTATE ORDER OF THE ITEMS IN THIS BOX**

	Strongly agree				Strongly disagree	I don't really know enough to say
Overall, companies in Australia operate with integrity	5	4	3	2	1	6
Overall, companies that operate in Australia provide reliable and timely information to the market	5	4	3	2	1	6
Overall, companies that operate in Australia provide financial reports that can be relied upon	5	4	3	2	1	6

Where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that in Australia ...?

**ROTATE ORDER OF THE ITEMS IN THIS BOX**

	Strongly agree				Strongly disagree	I don't really know enough to say
Overall, market participants (i.e. stock brokers) operate with integrity	5	4	3	2	1	6
Overall, insolvency practitioners operate with integrity	5	4	3	2	1	6
Overall, confidence can be placed on the opinions of independent auditors of Australian company financial reports	5	4	3	2	1	6
Overall, product manufacturers operate with integrity	5	4	3	2	1	6

**DO NOT ROTATE**

Based on what you know about the Australian capital markets, overall, where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that

	Strongly agree				Strongly disagree	I don't really know enough to say
Australian capital markets are internationally competitive. (Capital markets are financial markets for the issue, buying, and selling of equity, long-term debt and related securities)	5	4	3	2	1	6

**Q3B. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

## ASIC's supervision of the Australian financial markets and companies

This section is about ASIC's supervision of the Australian financial markets.

Overall, how would you rate ASIC's performance in providing effective supervision of Australian financial markets? Would you rate it as

Excellent	1
Good	2
Fair	3
Poor	4
Very poor	5
Don't know	6

### Q3C. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.

Overall, how would you rate ASIC's performance in working to ensure Australian financial markets are free from insider trading and other market abuses? Would you rate it as.....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

### Q3D. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.

Overall, how would you rate ASIC's performance in working to ensure that listed companies (that is companies listed on a stock exchange in Australia) provide reliable and timely information to investors and the market? Would you rate it as.....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

### Q3E. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.

ASIC focuses on holding 'gatekeepers' in the Australian financial system to account.

This means ensuring that the people who work in the occupations listed below act honestly, diligently, competently and with independence .

How would you rate ASIC's performance in holding each of the following to account?

#### ROTATE ORDER OF THESE 'HOLDING TO ACCOUNT' QUESTIONS

Overall, how would you rate ASIC's performance in holding **auditors** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding **company directors** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding **financial advisers** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding **insolvency practitioners** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding product manufacturers to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding **fund managers** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding **Market operators – e.g. ASX and Chi-X** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC's performance in holding **Market participants (i.e. stockbrokers)** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6



Overall, how would you rate ASIC's performance in holding **organisations involved in providing financial products and services (such as banks, superannuation providers and insurance companies and other credit licensees)** to account? Would you rate it as ....

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

**Q3F. IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3.**

**DO NOT ROTATE**

These next questions ask about your perception of how well ASIC enforces the law.

Overall, how would you rate ASIC on detecting unlawful conduct in the industries it regulates?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC on deterring individuals or organisations from engaging in misconduct?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say	Not applicable
1	2	3	4	5	6	7

Overall, how would you rate ASIC on acting quickly to investigate potential breaches of the law

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say	Not applicable
1	2	3	4	5	6	7

Overall, how would you rate ASIC on penalising individuals or organisations who have engaged in misconduct?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC on taking on the big and difficult cases?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC on being consistent when taking enforcement action?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall, how would you rate ASIC on being transparent about its reasons for taking enforcement action?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

**Q3G AND 3H. ASK IF S1 CODES 1 to 16 (IE INCLUDES REGULATED INDUSTRIES AND GATEKEEPERS)**

**EVERYONE ELSE GO TO Q4**

Q3G. Thinking from your perspective as **(FROM S1)** and focusing on your industry now,

**ROTATE ORDER OF THESE TWO ITEMS**

Overall how would you rate ASIC on engaging with your industry on issues and potential risks that arise?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

Overall how would you rate ASIC on providing guidance to your industry to help organisations to comply with the law?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say
1	2	3	4	5	6

**Q3H. IF S1 CODES 1 to 15 (REGULATED POPULATIONS)**

**ROTATE ORDER OF THESE TWO ITEMS**

Overall how would you rate ASIC on how effectively it monitors compliance in your industry?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say	Not applicable
1	2	3	4	5	6	7

Overall how would you rate ASIC on how well it identifies systemic problems in your industry?

Excellent	Good	Fair	Poor	Very poor	I don't really know enough to say	Not applicable
1	2	3	4	5	6	7

**ASK IF S1, CODES 1 to 17 (REGULATED POPULATIONS, GATEKEEPERS AND SMALL BUSINESS)**

## Now some questions about ASIC and its role in licensing and registration

**Q4A.** This section covers the licensing and registration activities handled by ASIC.

In your role as (FROM S1), which of the following have you personally done with ASIC in the last twelve months?

*Please select all that apply*

	Yes		Most recent
Registered a business name	1		1
Registered as a liquidator	2		2
Registered as an approved self-managed superannuation fund (SMSF) auditor	3		3
Registered as a company	4		4
Registered as a company auditor	5		5
Applied for an AFS licence	6		6
Applied for a credit licence	7		7
Registered a managed investment scheme	8		8
Other	9	<b>GO TO Q5A</b>	
None of these	10	<b>GO TO Q5A</b>	

### **Q4B. IF MORE THAN ONE ACTIVITY**

Did you select more than one of these? If so, please use the third column to identify the one you did most recently? (If you are not sure – please choose the one most likely to have been the most recent).

### **Q4C. FOR MOST RECENT IN Q4B OR THE ONLY ONE DONE IN Q4A**

Thinking about the process when you (**ACTIVITY IN Q4A OR Q4B**) and where 5 is strongly agree and 1 is strongly disagree, would you agree or disagree that...

would you agree or disagree that **ROTATE ORDER.**

	Strongly agree				Strongly disagree	I don't really know enough to say
The process was easy	5	4	3	2	1	6
The process was efficient	5	4	3	2	1	6
The process took a reasonable length of time	5	4	3	2	1	6
The information provided was easy to understand	5	4	3	2	1	6
The cost of the service was reasonable	5	4	3	2	1	6

**Q4D CODES 1 to 15 (REGULATED POPULATIONS),**

As far as you know, in the last twelve months has your organisation been subject to any of the following ASIC activities:

*Please select all that apply*

A compliance review	1	<b>GO TO Q4E</b>
An enforcement action	2	
Neither of these	3	<b>GO TO Q5A</b>
I don't really know enough to say	4	<b>GO TO Q5A</b>

**Q4E. IF COMPLIANCE REVIEW (CODE 1 IN Q4D)** And how would you rate your dealings with ASIC when they conducted the compliance review. Would you say they were...

Excellent	1
Good	2
Fair	3
Poor	4
Very poor	5
I don't really know enough to say	6

**segment 23 only OTHERS GO TO Q6A.**

**Now some questions about ASIC's contribution to policy development**

**Q5A.** Thinking now about ASIC and the way it works with government agencies, overall how would you rate ASIC's performance on making a valuable contribution to public policy development

Excellent	1
Good	2
Fair	3
Poor	4
Very poor	5
I don't really know enough to say	6

## ALL RESPONDENTS

### Now some questions about your view on ASIC's responsibilities

#### Q6A.

**IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3:** As you know, ASIC is the corporate, markets and financial services regulator...

**IF NOT FAMILIAR WITH ASIC: Q1B CODE 4** We realise that you are not familiar with ASIC. However, we are still very interested in your views. It will help you to answer this section if we tell you that ASIC is the corporate, markets and financial services regulator.

In its role as the corporate, markets and financial services regulator, how do you believe ASIC should prioritise its activities? We have listed some possible responsibilities for ASIC in the table below.

Which of these do you personally believe should be ASIC's number one priority? To do this you copy the item from the left side of the table to the right side. And what should be it second and thirds priorities?

Please rank up to top three (3) responsibilities, with the one that is the most important to you at the top.

If you are uncertain, just choose as many as you can – up to three. You can leave this blank if you really can't say which priorities are important to you.

#### ROTATE ORDER

	Rank
<b>Educating</b> investors and financial consumers	
<b>Penalising</b> unlawful conduct	
<b>Protecting</b> investors and financial consumers by holding gatekeepers to account	
<b>Setting rules</b> , standards and expectations for the market	
<b>Ensuring</b> efficient business registration and licensing	
<b>Monitoring</b> compliance	
<b>Empowering</b> investors and financial consumers to make informed and confident decisions	

## ALL RESPONDENTS

### Now some questions about your experiences dealing with ASIC

**Q7A.** How often do you have any dealings with ASIC personally ?

*Please select one*

More often than once a month	1	
About once a month to once every 3 months	2	
About once every 4-6 months	3	
About once every 7-12 months	4	
Less often	5	
Never	6	GO TO Q7E
Don't know / can't recall	7	GO TO Q7E

**Q7B.** In the last 12 months have you personally had any dealings with ASIC, face to face, by phone, email, or online?

Yes	1	<b>GO TO Q7C</b>
No	2	<b>GO TO Q7E</b>
Don't know / can't recall	3	<b>GO TO Q7E</b>

**Q7C. IF CODE 1 IN Q7B**

When was the last time you personally dealt directly with ASIC?

*Please select one*

In the last month	1	
In the last 2- 3 months	2	
In the last 4-6 months	3	
In the last 7-12 months	4	
Don't know / can't recall	5	

**Q7D. IF CODE 1 IN Q7B**

How would you describe your dealings with ASIC on that occasion? Would you say ASIC was...

*Please select one*

Very easy to deal with	1	
Somewhat easy to deal with	2	
Neither easy nor difficult	3	
Somewhat difficult to deal with	4	
Very difficult to deal with	5	
Don't know / can't recall	6	

**Q7E.** Have you visited the MoneySmart website in the last twelve months?

Yes	1	
No	2	
Don't know / can't recall	3	

**Q7F IF FAMILIAR WITH ASIC: Q1B CODES 1 TO 3. (OTHERS GO TO q8)**

Have you visited the ASIC website to do a search in the last twelve months?

Yes	1	<b>GO TO Q7G</b>
No	2	<b>GO TO Q7H</b>
Don't know / can't recall	3	<b>GO TO Q7H</b>

**Q7G. IF CODE 1 IN Q7F**

In your opinion, was the search....

Very easy	1	
Somewhat easy	2	
Neither easy nor difficult	3	
Somewhat difficult	4	
Very difficult	5	
Don't know / can't recall	6	

**Q7H.** Have you contacted the ASIC client contact centre in the last twelve months?

Yes	1	
No	2	
Don't know / can't recall	3	

**Q7I.** Have you contacted ASIC to report a potential breach of the law in the last twelve months?

Yes	1	
No	2	
Don't know / can't recall	3	

**Q7J.** Have you been to a meeting or information session with ASIC in the last twelve months?

Yes	1	
No	2	
Don't know / can't recall	3	

**Q7K.** In the last 12 months, have you read any printed or email publications from ASIC?

Yes	1	
No	2	
Don't know / can't recall	3	

### **Section 8 Classification/demography**

**ASK IF S1, CODES 1-17 , ,20 to 25**

**CODES 18 or 19, GO TO SECTION 9**

**Finally, some questions about your organisation.**

**Q8A.** What is your position in your organisation? (title and department?)

Title	Department
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**Q8B. (DO NOT ASK IF GOVERNMENT DEPARTMENT – SEGMENT 23)** Including yourself, how many staff does your organisation employ in Australia (approximately)?

1-20	1	
21-200	2	
More than 200	3	
Don't know	4	
Prefer not to say	5	

**Q8C.** In which state are you yourself based?

ACT	1	
New South Wales	2	
Northern Territory	3	
Queensland	4	
South Australia	5	
Tasmania	6	
Victoria	7	
Western Australia	8	
Prefer not to say	9	

**GO TO thank you section**

**SECTION 9 IF S1 CODES 18 or 19**

**And now some questions about you.**

**Q9A.** Do you have a professional financial planner?

Yes:	1	
No	2	
Don't know	3	
Prefer not to say	4	

**Q9B.** Which of these best describes you?

Single person of any age living alone or in shared accommodation	1	
Young couple no children	2	
Couple or single parent with mostly pre-school children	3	
Couple or single parent with mostly school aged children	4	
Couple or single parent with mostly older children	5	
Couple or single parent with no children living at home	6	
Other (specify).....	7	
Refused	8	

**Q9C** What is your occupation? WRITE IN

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That's the end of the interview. I would like to thank you for contributing to this assessment of the role and performance of ASIC. Your contribution was very valuable. ASIC will be publishing the results of the survey.