

The Allen Consulting Group

## ASIC Stakeholder Survey

Quantitative Report

April 2008

Report to Australian Securities and Investments Commission

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# The Allen Consulting Group

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## *Chapter 1*

# Introduction

### **1.1 Context**

The Australian Securities and Investments Commission (ASIC) engaged the Allen Consulting Group (ACG) to design an appropriate instrument, conduct a survey, and then report on stakeholder opinions in the following areas:

- the environment in which ASIC will carry out its regulatory responsibilities over the next three to five years;
- how stakeholders currently perceive ASIC and its performance; and
- what stakeholders expect of ASIC in the future.

Results from this stakeholder survey will feed into the broader strategic review being undertaken by ASIC, which will cover all aspects of ASIC's responsibilities and functions and establish ASIC's strategic objectives and plans for the next three to five years.

### **1.2 Coverage**

ASIC's stakeholders fall into five broad groups, identified as follows:

- people and entities regulated by ASIC, and industry bodies representing them;
- users of the services provided by ASIC's public information program;
- investors and consumers of financial services, and bodies representing consumer interests;
- those who advise people and entities ASIC regulates (such as legal or accounting advisers); and
- government and government agencies that interact with ASIC.

### ***Structure of survey***

Stakeholder responses were collected through three instruments — separate business, consumer and internal ASIC staff surveys — each of which invited general responses to (largely) common questions about ASIC performance, in addition to specific questions about the capacity in which business and consumers interact with ASIC. The views of ASIC staff were collected through a composite survey instrument, comprising questions from both the business and consumer surveys.

Substantial overlap across the three surveys, with the use of common questions, allowed for more effective and reliable comparisons of views across stakeholder groups.

The surveys were developed to seek views on the following key issues:

- overall ASIC performance;
- the business, and investor and consumer environment in which ASIC operates;
- ASIC's approach to helping consumers and investors;
- how ASIC deals with people and entities who don't comply with the law;
- what ASIC should concentrate on in the future;
- specific interaction with ASIC, including:
  - dealings with ASIC staff;
  - obtaining permissions from ASIC;
  - lodgement of company documents;
  - calling the ASIC contact centre;
  - searching ASIC's databases;
  - making a complaint to ASIC;
  - using the ASIC and FIDO websites;
  - assistance and guidance provided to business, consumers and investors, including how ASIC helps business comply with regulatory obligations, and using ASIC's consumer information products and services; and
  - how ASIC facilitates business and adapts the law.

There are also sub-groups or cohorts that fall within the five broad stakeholder groupings, listed above. For example, *'people and entities regulated by ASIC'*, can be reasonably divided into sub-groups, which include — among others — listed companies, financial services providers, auditors, and liquidators. Similarly, *'investors and consumers of financial services, and bodies representing consumer interests'* can be classified according to the products they own or hold, location, age or family income.

As a result, survey respondents were invited to provide details of their profile, their operations and/or the capacity in which they typically interact with ASIC. For example, all 'business' respondents were asked to provide information on the following:

- type of company (i.e. private, listed, other);
- capacity in which they interact with ASIC (with options including Australian financial services licensee, authorised representative, auditor, accountant, liquidator, registered agent, and industry association);
- nature of customer base (if a financial services provider);
- role of the individual respondent (including chairman, company director, compliance officer, company secretary, auditor, accountant, etc.);
- the respondent's location and that of their company;
- size of company (in terms of number of employees); and

- frequency of dealings with ASIC.

This enabled our analysis to clearly identify any substantial or meaningful differences in perceptions and expectations, not only across the broad stakeholder groups (i.e. business, consumer, internal) but also at a disaggregated level within those groups.

#### *Web-based survey instruments*

Stakeholder responses were collected through a web-based survey instrument. Responses from ‘business’ stakeholders were collected through two mechanisms:

- direct approach, i.e. an emailed link to the survey instrument:
  - ASIC identified and emailed a link to the survey to 85 key industry contacts;
  - ASIC provided ACG with 600 randomly selected contacts across its business stakeholder base. ACG then emailed a link to the survey to each contact; and
- invitations to complete the business survey through a pop-up box that appeared at regular intervals to random visitors to ASIC’s website ([www.asic.gov.au](http://www.asic.gov.au)).

Responses from consumers, retail investors and their representatives were also collected through a web-based survey instrument. Interested parties were able to access the survey through a pop-up box that appeared at regular intervals to random visitors to ASIC’s consumer (FIDO) website ([www.fido.gov.au](http://www.fido.gov.au)). An invitation to complete the survey was also provided in the FIDO News newsletter.

A link to the ASIC staff survey was circulated within the organisation.

The identity of respondents was not captured through the survey instrument, making responses anonymised (although the identities of those *invited* to respond was known).

The method of collection — primarily through links on the ASIC and FIDO websites — implies the majority of external respondents, consumers in particular, have some understanding of ASIC’s role, and awareness of its products and services which may exceed that of the general population. This reflects the survey’s objective, namely, to invite feedback from ASIC’s stakeholders on its performance and how it should carry out its regulatory responsibilities over the next three to five years (rather than to evaluate overall awareness of ASIC, for example).

The methodology for preparing the separate survey instruments and conducting the survey is outlined in more detail in Appendix A.

### 1.3 Interpretation of survey results

#### *Overall responses to individual questions*

Respondents were invited to answer closed questions according to a five-point scale.<sup>1</sup> For example, one question asked respondents how they rated ASIC's overall performance — very well, well, neutral, poorly or very poorly. Other scales were used where appropriate — for example, whether stakeholders strongly agreed, agreed, were neutral, disagreed or strongly disagreed with a particular statement.

Responses were then converted to a three-point scale for ease of analysis and interpretation. For example, responses to the question about overall performance can be divided into three categories — the percentage who think ASIC has performed well overall (which includes all 'very well' and 'well' responses), the percentage whose views were neutral, and the percentage who think ASIC's overall performance is poor (which includes all 'very poor' and 'poor' responses).

Key findings are summarised in Chapter 2 and then considered in more detail in Chapters 3, 4 and 5.

This information is also supplemented with the calculation of a score for every question in each of the three survey instruments. This is done by assigning one of five possible values on a scale of zero to 100 to each individual response (for example, a 'very well' response is assigned a value of 100, 'well' is assigned a value of 75, 'neutral' is assigned 50, and so on). A mean score is then calculated for each question.<sup>2</sup>

The mean for each question provides a high-level and aggregated indication of views on a particular issue within that stakeholder group. However, care should be taken in interpreting a mean in isolation. Rather, it should be analysed in conjunction with the range of responses to a specific question and in particular, the percentage of total responses that fall within the three scale categories.

For example, the mean business score for the question '*overall how well do you think ASIC has performed?*' is 55, which implies average performance. However, the range of responses indicates that 45 per cent of respondents rated ASIC's overall performance as either 'well' or 'very well', compared with only 24 per cent of respondents whose rating was either 'poor' or 'very poor' (with 31 per cent selecting the neutral rating).

#### *Comparisons across stakeholder groups*

The calculation of mean scores also allow for the effective and reliable comparison of responses to common questions across stakeholder groups. A difference of 5 or more indicates a statistical difference in views at the 95 per cent confidence level, when comparing means.

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<sup>1</sup> The surveys also included space for respondents to provide free text answers to some questions. These responses are not part of this report. These answers will be used to inform the next steps in this survey project.

<sup>2</sup> Only valid responses were used to analyse results. This means percentages were calculated relative to the total number of responses to a question and 'non-responses' were not assigned a value or used to calculate mean scores.

For example, the mean business score for the question ‘*overall, how well do you think ASIC has performed?*’ is 55, which can be compared to the mean ASIC staff score of 69. This indicates a substantial or meaningful difference in views across the two stakeholder groups, with ASIC staff having a much more positive view of ASIC’s overall performance.

Comparisons can only be made across common questions. The business and consumer surveys were designed to maximise the number of common questions, to the extent possible. However, there are many questions that relate specifically to the capacity in which consumer and business stakeholders interact with ASIC, and their individual circumstances and requirements (which are, necessarily, different).

On the other hand, the ASIC staff survey is an amalgam of the business and consumer surveys, which provides for rich comparisons between business and ASIC responses, and consumer and ASIC responses.

### *Comparisons within stakeholder groups*

The inclusion of questions on respondent profile allowed us to identify differences in views within broad stakeholder groups — on the basis of cohort or typical interaction with ASIC, for example.

This is achieved by converting all demographic variables to a suitable format for testing by correlation with individual questions. A correlation coefficient needs to exceed 0.35 to be considered substantial enough to warrant consideration (and separate reporting).

In many instances, we report a single ‘business’ or ‘consumer’ view or response. This implies a high degree of uniformity in perceptions and expectations within that group or according to specific demographic characteristics. These findings are considered in more detail in the following chapters.

### *Identification of significant factors and issues*

Finally, our analysis identifies those factors that are of most significance in influencing a respondent’s overall perception of ASIC performance, both in current terms and into the future.

This was achieved by dividing respondents to the question ‘*overall how well do you think ASIC has performed?*’ into two groups: those with neutral, disagree and strongly disagree in one group; and the remainder in the other (agree and strongly agree). It is then possible to analyse how respondents in both groups answered other questions and to identify those issues that correlate most strongly with overall perceptions. The higher an issue is ranked, the greater its apparent significance in determining how well the respondents think ASIC has performed.

For example, our analysis indicates that respondents who believe that overall ASIC’s is performing very well are also likely to think that ASIC is open and accountable. On the other hand, respondents who think that ASIC’s overall performance is poor are unlikely to agree that ASIC is open and accountable.<sup>3</sup>

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<sup>3</sup> The list is compiled by first dividing respondents to the question about overall performance into two groups — as described — and then comparing the mean response of the two groups to all other questions. The issues on the list are those where the difference between the means of the two groups is greatest.

The overall mean for each question or issue on the list also indicates how much upside there is to working on the associated issue. In other words, an item high on the list with a low score is worth working on because it not only relates to how people feel about ASIC's overall performance but also indicates some room for improvement.

## **1.4 Report structure**

*Chapter 2* contains a brief summary of overall survey results.

*Chapter 3* contains a more detailed analysis of responses to the business survey. It includes a description of the profile of respondents and considers responses at an aggregated 'business' level. It also notes the high degree of uniformity in perceptions and expectations among all business stakeholder groups.

*Chapter 4* contains a more detailed analysis of responses to the consumer survey. It includes a description of the profile of respondents and considers responses at an aggregated 'consumer' level. It also identifies where there is a substantial difference in views according to demographic profile.

*Chapter 5* contains a more detailed analysis of responses to the internal staff survey, drawing particular attention to areas where there are substantial differences between the views of ASIC staff, and those of business and consumer stakeholders. It also identifies those areas where there is a substantial difference in views within ASIC according to demographic profile (ASIC directorate, in particular).

*Appendix A* contains a brief discussion of the process by which the three survey instruments were developed and how responses were collected.

## Chapter 2

# Key findings

### 2.5 Survey responses

Table 2.1 summarises the number of responses to the three survey instruments.

Table 2.1

#### SURVEY RESPONSES

Stakeholder group	Respondents
Business 1 — web pop-up	453
Business 2 — invitation	290
<b>Total business respondents</b>	<b>743</b>
Consumers — web pop-up	187
<b>Total external respondents</b>	<b>930</b>
ASIC staff	320
<b>Total respondents</b>	<b>1250</b>

### 2.6 Summary of results

#### **Business perceptions and expectations**

Business perceptions of ASIC do not vary by business type or any other independent variable. This is a particular surprise as we anticipated some differences according to business size and the capacity in which business stakeholders interact with ASIC.

Business generally thinks ASIC's overall performance is reasonable. Consumers are more positive than business but not as positive as ASIC staff.

This may reflect the nature of each stakeholder group's position and relationship to ASIC. For example, it is not surprising that businesses — as regulated entities — tend to be more critical in their assessment of ASIC's performance, particularly as it impacts on their individual operations (through enforcement action, regulatory obligations, and compliance burdens, for example). Consumers' interaction with ASIC, on the other hand, is generally less direct — ASIC's products and information services are one of numerous sources of information, for example.

More specifically, business wants to see improved efficiency in the way ASIC administers the law. They would like the law administered with a minimum of procedural requirements and for ASIC to improve how it deals with people and entities who do not comply with the law. Business stakeholders do not agree that ASIC seeks sanctions that are proportionate to the misconduct, is consistent and fair in the way it takes enforcement action, or that it picks the right issues to investigate. Although business finds ASIC regulatory staff knowledgeable, they are ambivalent about their dealings with them

Business believes prosecuting market abuses should be a priority for ASIC. At the same time, they advocate strongly that ASIC should be more flexible by reducing red tape, focusing on principles rather than rules, and working with business rather than taking regulatory action.

Businesses are positive about the integrity and competitiveness of Australian capital markets and the integrity of Australian listed companies. They also think the Australian regulatory system is respected. In view of this finding, it is somewhat perplexing that business is not confident that fraud and misconduct are likely to be found and punished and few businesses think Australian capital markets are free from insider trading and other market abuses.

ASIC's key strength lies in the provision of information. Its website, contact centre, databases and publications are all well regarded. Both business and consumers are very positive about this aspect of ASIC's performance. However, ASIC is not viewed as particularly good at receiving input or advice on policy or priorities from either business or consumers.

Business considers that ASIC does a fair job of licensing and registration, facilitating business and adapting the law and helping business comply with regulations and influencing business behaviour.

### ***Consumer perceptions and expectations***

Consumers distinguish between company types in their assessment of the integrity of Australian businesses. They generally think Australian companies operate with honesty and integrity but are suspicious of financial services providers.

Consumers think the regulatory system is respected but are not convinced that dishonesty and misconduct are likely to be found and punished or that capital markets are free from abuses.

Consumers are positive about ASIC's approach to helping them and have a very positive view of ASIC's measures and initiatives in this area (such as its information products). Similarly, consumers are supportive of ASIC's initiatives to enhance the capacity of consumers to make informed decisions about financial products. This, in addition to the identification and prosecution of insider trading and market abuse, is a significant priority for consumers.

There is some difference in views, however, between consumers and ASIC staff regarding the most effective mechanism for providing information to consumers.

### ***ASIC staff perceptions and expectations***

As a general observation, ASIC staff are more positive in their views about ASIC's performance and interaction with stakeholders, particularly business. More specifically, ASIC staff are more positive about ASIC's performance in dealing with business in a regulatory capacity, including the clarity, appropriateness and effectiveness of its enforcement activity; the ease of interaction with ASIC staff; and ASIC's understanding of Australian capital markets and the impact of its activities.

There is less evidence of substantial differences in views on the environment in which ASIC operates.

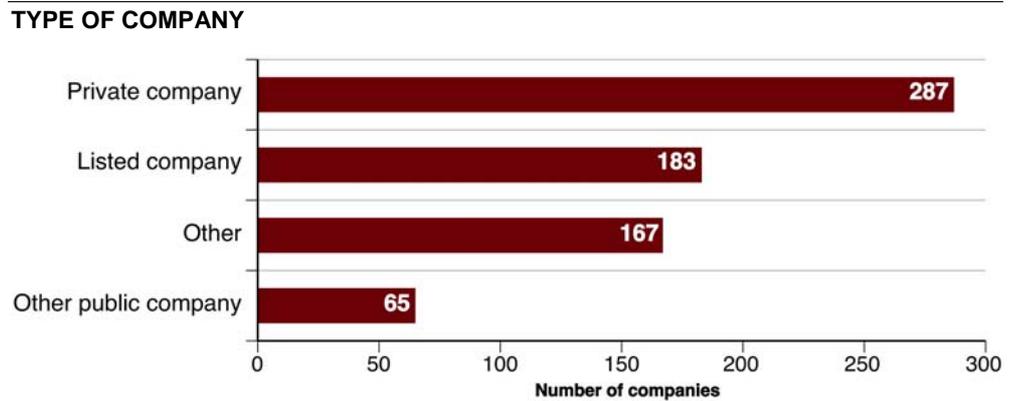
## Chapter 3

### Business survey

#### 3.7 Responses

The majority of business respondents were private companies, with listed companies being the second most common. Figure 3.1 contains a more detailed breakdown.<sup>4</sup>

Figure 3.1



Source: Allen Consulting Group

Business stakeholders who completed the survey most commonly identified themselves as Australian Financial Services Licensees, or businesses other than financial services providers. Business services firms such as accounting or legal services firms were also well represented. A complete breakdown is provided in Table 3.2.

<sup>4</sup> The number of 'business' responses sums to 702, which is fewer than the 743 overall responses to the business survey. This may indicate that stakeholders other than businesses completed the survey — industry associations or government agencies, for example — or that some respondents chose not to answer this question.

Table 3.2

**CAPACITY WITH WHICH RESPONDENTS INTERACT WITH ASIC**

Nature of business or operations	No. of respondents
Australian financial services licensee	166
Business other than financial services providers	158
Accounting	74
Legal services	64
Other business service provider	53
Registered agent	48
Authorised representative of an Australian financial services licensee	31
Industry association	27
Commonwealth Government	17
Insolvency and administration	16
Consumer group	12
Auditing	11
State Government	7
Information broker	7
Other government agency	2

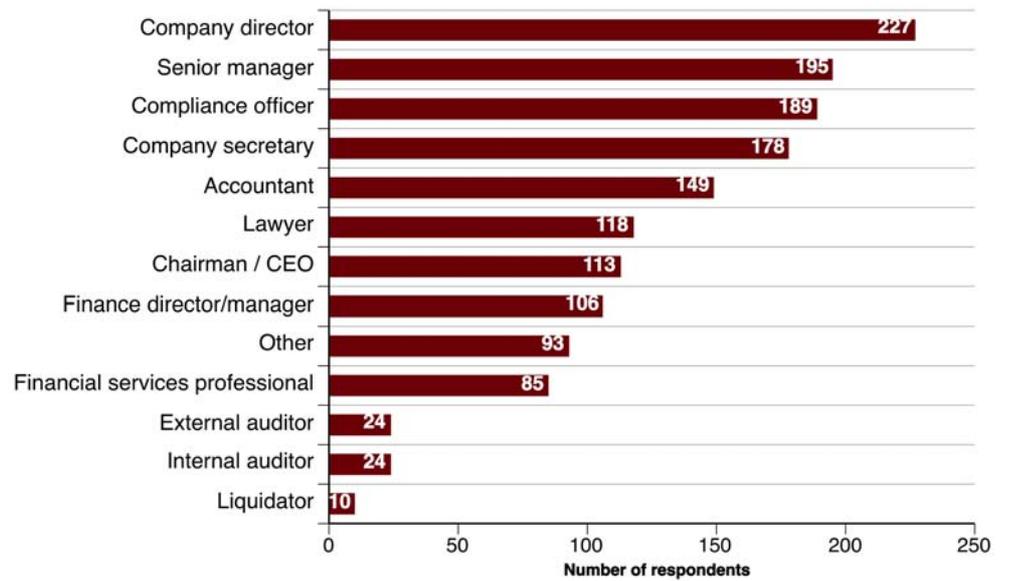
Source: Allen Consulting Group. Note the sum of this table is 693, which is fewer than the total number of responses and reflects the voluntary nature of the survey.

63 per cent of the financial services providers who completed the survey serviced both wholesale and retail clients; 26 per cent only had retail clients, while 11 per cent only had wholesale clients.

The person who completed the survey was most commonly a company director. Large numbers of senior managers, compliance officers and company secretaries also responded. A full breakdown is provided in Figure 3.2.

Figure 3.2

**ROLE OF THE RESPONDENT**



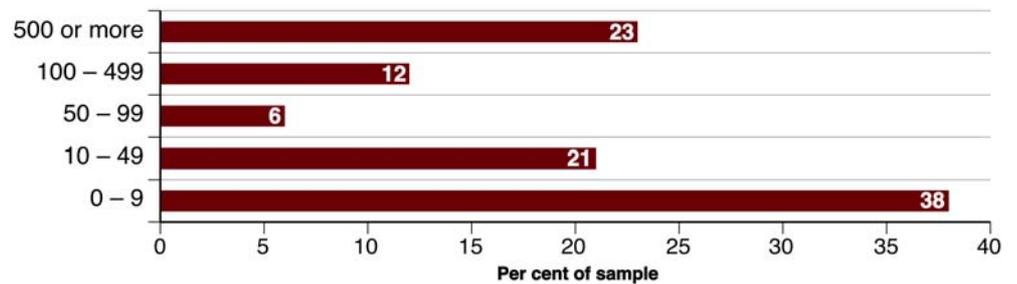
Source: Allen Consulting Group. Note this question allowed for multiple responses.

The geographic dispersal of companies that completed the survey generally followed population distribution. Companies were most commonly based in NSW followed by Victoria, Queensland and Western Australia. Similarly, the person who actually completed the survey was most commonly located in NSW, followed by Victoria, Queensland and Western Australia.

Companies that completed the survey were most commonly small to medium enterprises. Fifty nine per cent of respondents employed less than 50 people in Australia while 23 per cent employed 500 or more staff.

Figure 3.3

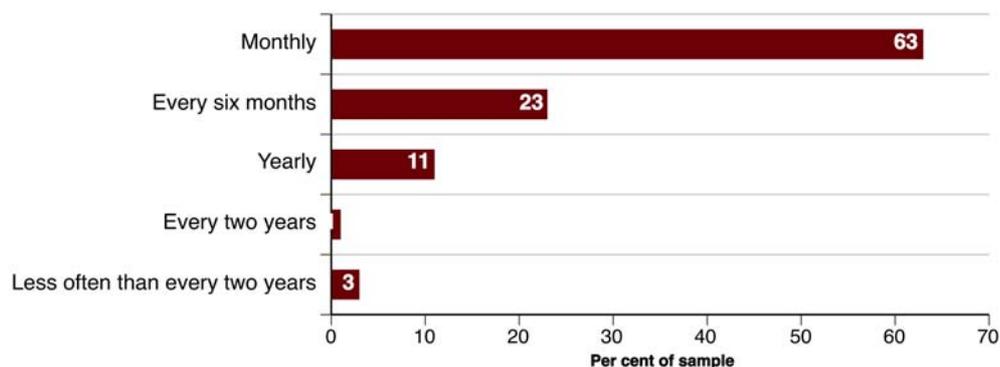
**STAFF EMPLOYED IN AUSTRALIA**



Source: Allen Consulting Group

Survey respondents most commonly had dealings with ASIC on a monthly basis with almost all respondents dealing with ASIC on at least an annual basis.

Figure 3.4

**FREQUENCY OF DEALINGS WITH ASIC**

Source: Allen Consulting Group

**3.8 Results**

The remainder of this chapter considers the results of the business survey in more detail. It presents analysis in bar charts, which illustrate the spread of responses to individual questions, and reports the mean business score for each question (in brackets in each figure). The mean provides a high-level indication of the ‘average’ business response to a question — and should be considered in conjunction with the range of responses — and a reliable basis for comparing business responses with those of other stakeholder groups.

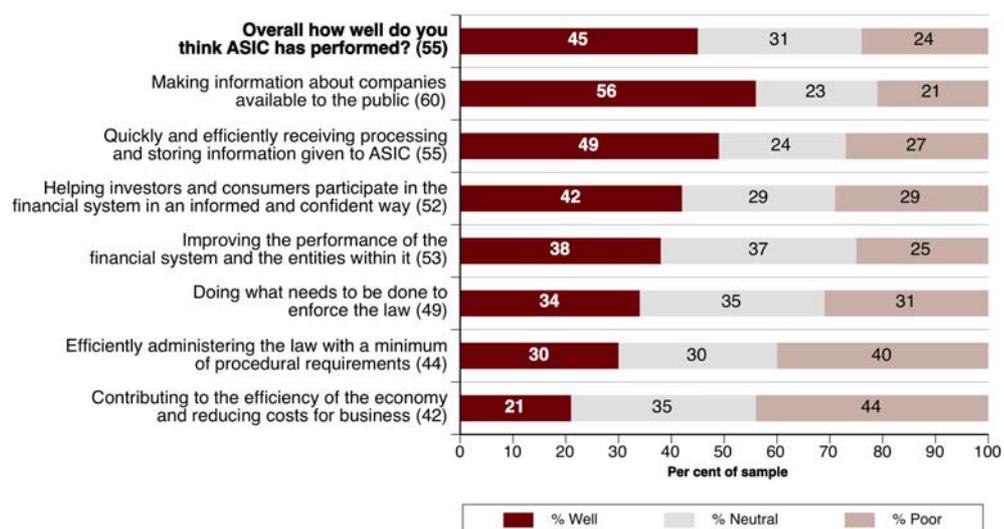
***ASIC’s overall performance***

Business believes ASIC’s overall performance is reasonable (mean of 55). They are positive about ASIC’s performance in making information available to the public (60) and generally believe ASIC quickly and efficiently receives, processes and stores information that business provides it with (55).

Business is neutral about ASIC’s performance in helping investors and consumers to participate in the financial system in an informed and confident way (52), and about ASIC’s efforts at improving the performance of the financial system and the entities within it (53).

There is an even spread of views among business about whether ASIC has done what is required to enforce the law (49) but business is concerned that ASIC tends not to administer the law with a minimum of procedural requirements (44). Similarly, business does not think that the way ASIC undertakes its functions contributes to the efficiency of the economy and reduces costs for business (42).

Figure 3.5

**ASIC'S OVERALL PERFORMANCE**

Source: Allen Consulting Group

**Current business environment**

Businesses are very positive in their assessment of the current business environment. They believe that:

- the integrity of Australian capital markets compares well with that of other countries (69);
- the regulatory system for Australian corporate and financial services is respected (66);
- Australian companies are honest and operate with integrity (63); and
- Australian capital markets are internationally competitive (65).

Business is generally positive about the performance of companies operating in Australia, with respect to:

- listed companies providing reliable and timely information to investors and the market (59); and
- company financial reports being reliable and trustworthy (58).

Similarly, business is generally positive about whether:

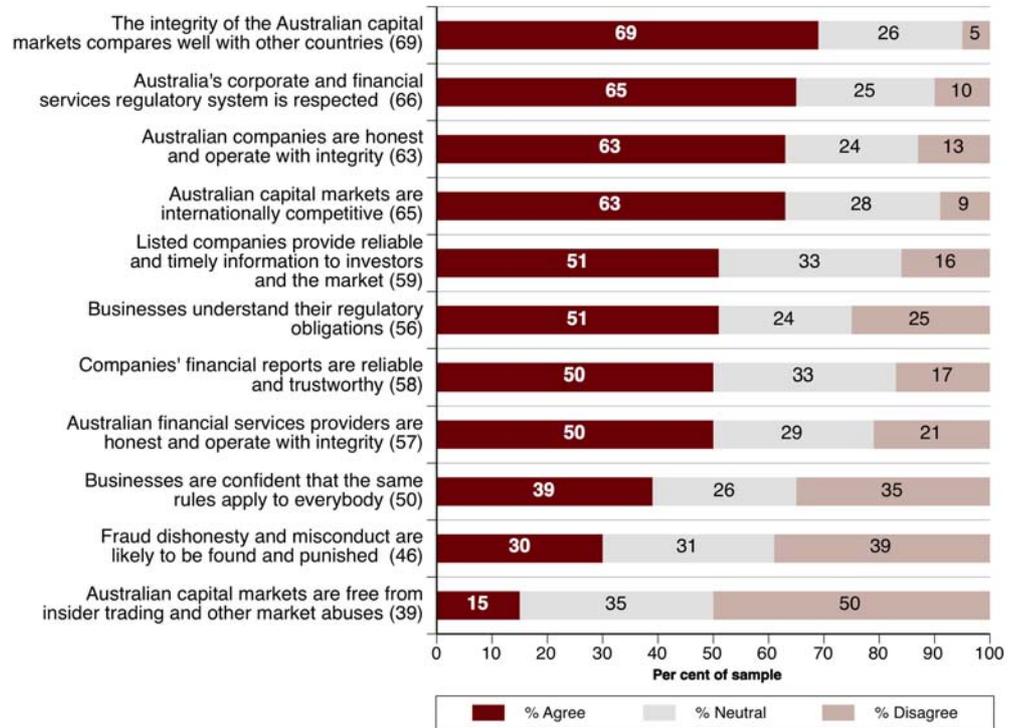
- Australian financial services providers are honest and operate with integrity (57); and
- businesses understand their regulatory obligations (56);

Business is neutral about whether the same regulatory rules apply to everybody (50).

Business is not confident that fraud and misconduct are likely to be found and punished (46) and few respondents think that Australian capital markets are free from insider trading and other market abuses (39).

Figure 3.6

**CURRENT BUSINESS ENVIRONMENT**



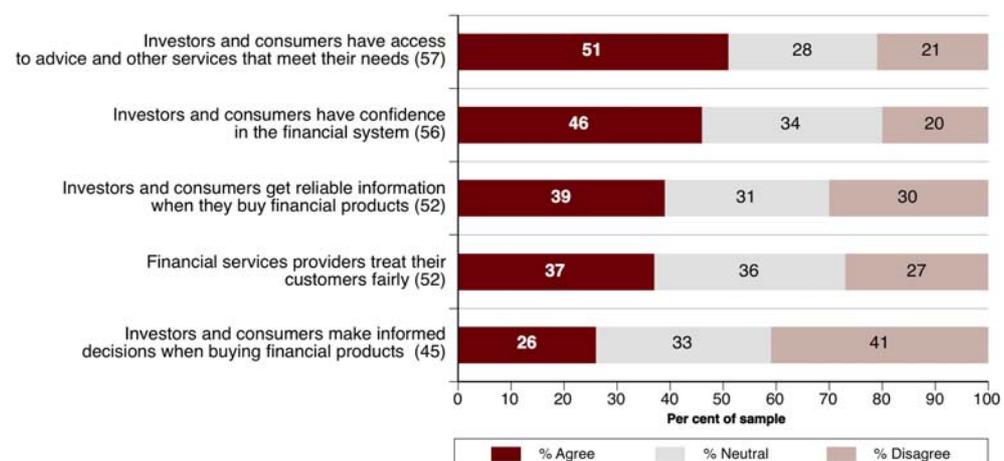
Source: Allen Consulting Group

***Current investor and consumer environment***

Business generally believes investors and consumers have access to advice and other services that meet their needs (57) and that investors and consumers have confidence in the financial system (56).

There is a fairly even spread of views among business about whether investors and consumers get reliable information when they buy financial products (52) and whether financial services providers treat their customers fairly (52). At the same time, business generally disagrees that investors' and consumers' decisions on financial products tend to be well-informed (45).

Figure 3.7

**CURRENT INVESTOR AND CONSUMER ENVIRONMENT**

Source: Allen Consulting Group

**Overall views about ASIC**

The general view among business stakeholders is that ASIC is a valuable source of information about Australian companies and businesses (65) and to a lesser extent, that ASIC uses new technologies to improve its services and activities (58). Stakeholders are neutral about whether ASIC understands the markets and the people it regulates (53), and makes clear what it is doing and why (51). The average response (55) suggests that business believes ASIC works reasonably well with other regulators, although the largest proportion of respondents were neutral on this point.

Business is neutral about whether ASIC:

- communicates well with consumers and investors (49);
- understands the impact of its activities (48);
- understands consumers needs (49);
- is open and accountable (48);
- provides good value for the taxpayer dollar (50);
- is consistent in its dealings with business (48); and
- has high quality staff (50).

Views are slightly negative to negative about whether ASIC:

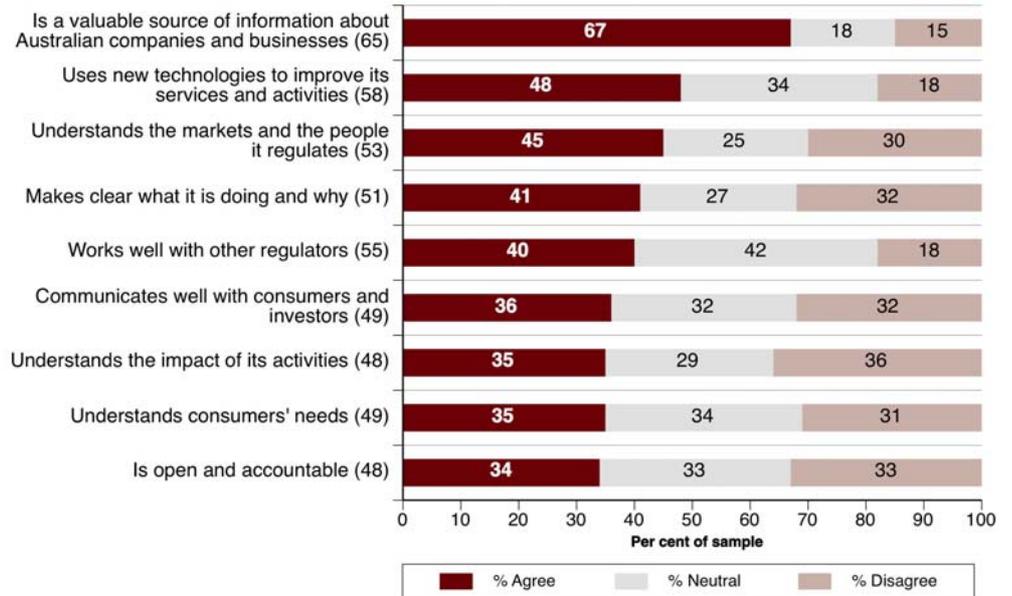
- communicates well with business (47);
- helps small businesses to understand their obligations (47);
- finds the right solution to most problems (47);
- responds to new products and new ways of doing business (46); and
- understands businesses' needs (44).

Business thinks ASIC underperforms with respect to identifying and dealing with emerging problems (41).

Figure 3.8 and Figure 3.9 illustrate business responses to questions relating to overall views about ASIC.

Figure 3.8

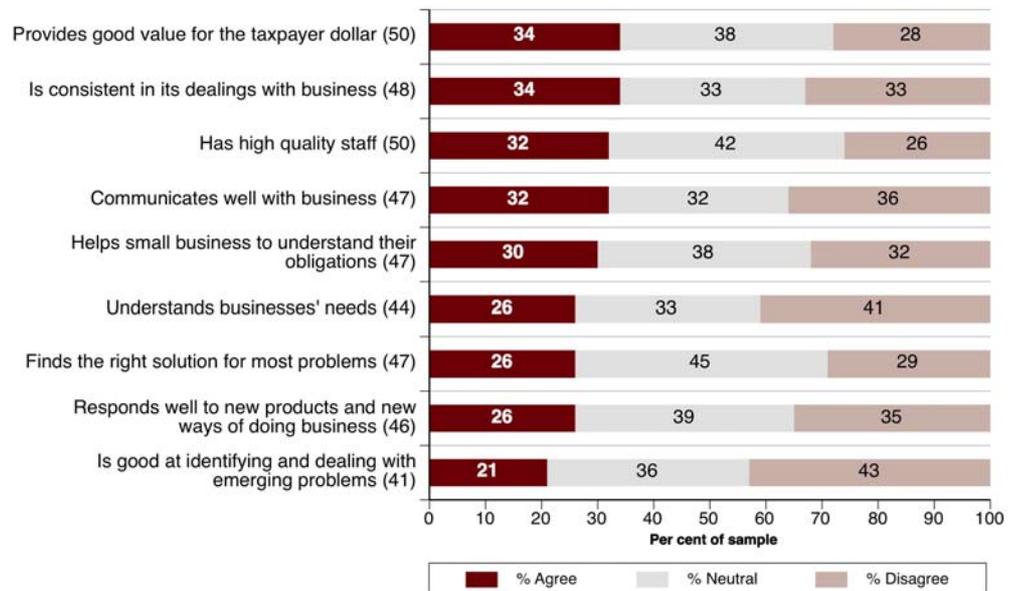
**OVERALL VIEWS ABOUT ASIC — HIGHER SCORES**



Source: Allen Consulting Group

Figure 3.9

**OVERALL VIEWS ABOUT ASIC — LOWER SCORES**



Source: Allen Consulting Group

### ASIC’s approach to helping consumers and investors

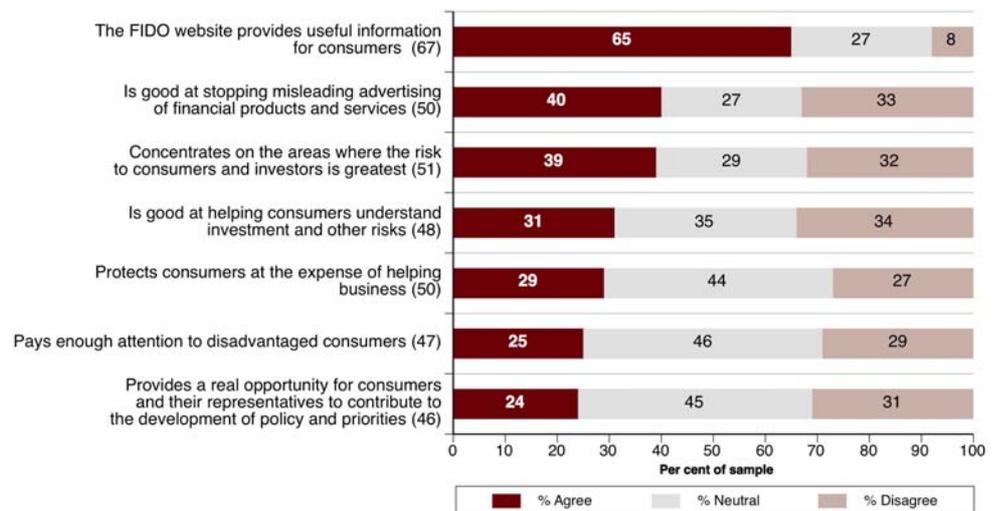
Business views on ASIC’s approach to helping consumers and investors is mixed. There is a positive view of the FIDO website, which business regards as providing good information to consumers (67).

Business is neutral about whether ASIC is good at stopping misleading advertising of financial products and services (50), whether ASIC concentrates its attention on areas of greatest risk to investors and consumers (51) and whether ASIC protects consumers at the expense of helping business (50). There is overall a neutral view on whether ASIC is good at helping consumers understand risk (48), with a fairly even split between those who agree, are neutral, and disagree.

Respondents were slightly negative about whether ASIC paid enough attention to disadvantaged consumers (47), and provided a real opportunity for consumer (and consumer representative) input into policy development (46). However, more respondents thought ASIC did poorly than thought they did well.

Figure 3.10

#### ASIC’S APPROACH TO HELPING CONSUMERS AND INVESTORS



Source: Allen Consulting Group

### How ASIC deals with people who don’t comply with the law

Business is neutral about whether ASIC does a good job of communicating the reasons for enforcement action (52), and its implications for other businesses (51) and whether ASIC does enough to maintain confidence in the integrity of Australian capital markets (52).

On the whole, business thinks that when it comes to people who don’t comply with the law, ASIC:

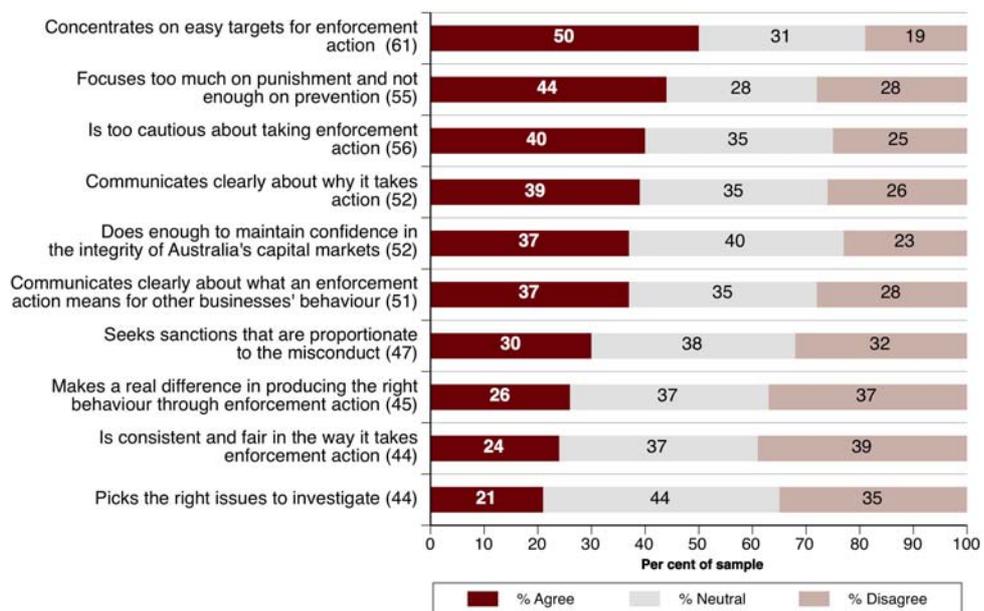
- concentrates on easy targets (61);
- focuses on punishment at the expense of prevention (55);
- is too cautious about taking action to enforce the law (56).

Stakeholders are generally negative about whether ASIC:

- seeks sanctions that are proportionate to misconduct (47);
- enforcement activities have a material impact on industry behaviour (45);
- is consistent and fair in undertaking enforcement action (44); and
- picks the right issues to investigate (44).

Figure 3.11

#### HOW ASIC DEALS WITH PEOPLE WHO DON'T COMPLY WITH THE LAW



Source: Allen Consulting Group

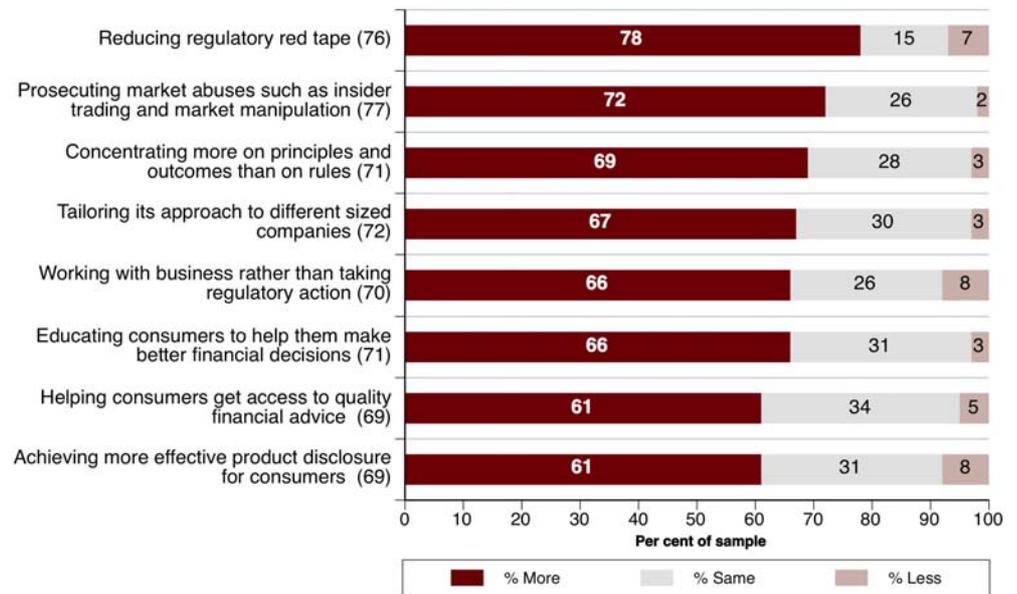
#### **What business would like ASIC to focus on**

Reducing red tape is a priority for business (76), in addition to focusing on principles and outcomes rather than rules (71). Businesses indicated they would prefer ASIC to work with them rather than taking regulatory action (70). They also think ASIC's regulatory approach should be tailored to different sized companies (72).

There is general agreement among business that prosecuting market abuses should be a high priority (77). Business respondents also thought ASIC should focus on providing education services to consumers, in addition to enhancing consumers' awareness and understanding, and ability to make informed decisions.

Figure 3.12

**WHAT BUSINESS WOULD LIKE ASIC TO FOCUS ON — HIGH PRIORITY FACTORS**



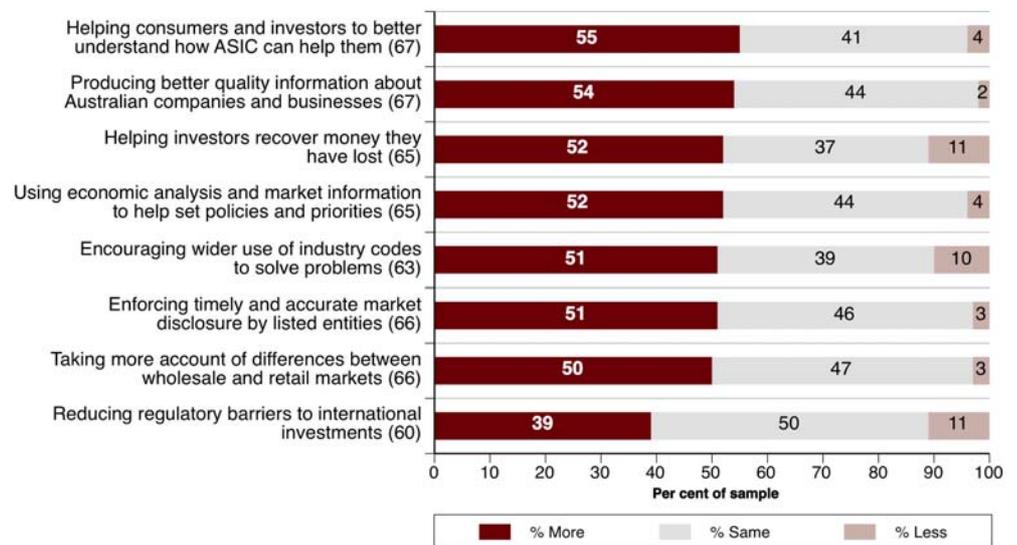
Source: Allen Consulting Group

Although still significant, lower priority issues for business include helping investors recover losses (65), using economic analysis and market information to set policies (65), taking more account of differences between wholesale and retail markets (66), enforcing timely and accurate disclosures by listed entities (66), and encouraging wider use of industry codes to solve problems (63).

Reducing regulatory barriers to international investments was the lowest priority issue for business among those listed in the survey (60).

Figure 3.13

**WHAT BUSINESS WOULD LIKE ASIC TO FOCUS ON — LOWEST PRIORITY FACTORS**



Source: Allen Consulting Group

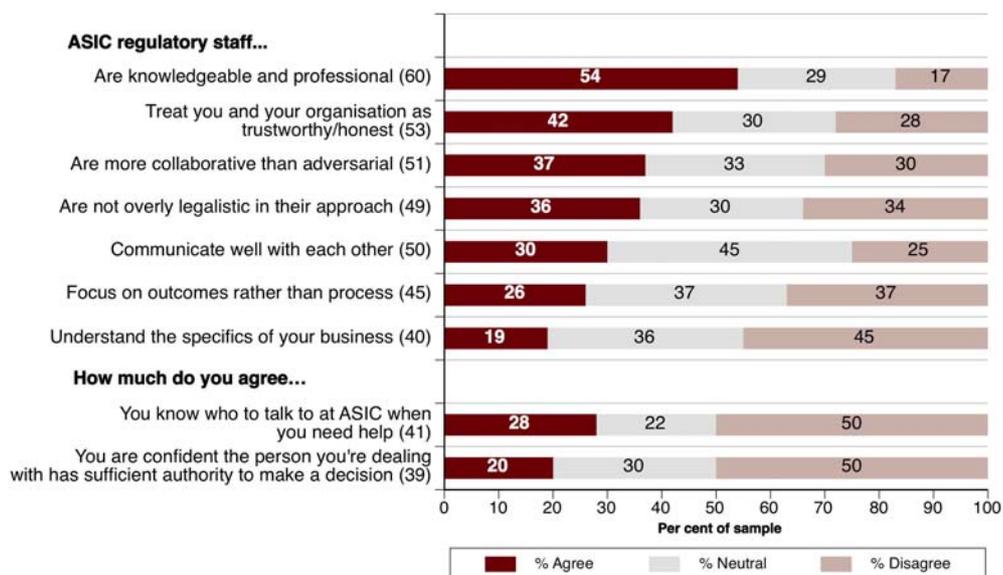
### Dealing with ASIC regulatory staff

Businesses generally find ASIC regulatory staff to be knowledgeable and professional (60). However, businesses are less positive about whether ASIC staff treat businesses as trustworthy and honest (53). Business views are mixed about the approach of ASIC staff. Respondents were evenly split on whether ASIC staff are more collaborative than adversarial (51) and *not* overly legalistic in their approach (49).

Businesses do not have strong views as to whether ASIC regulatory staff communicate well with each other (50). Business does not generally agree that ASIC staff are focused on outcomes rather than process (45) and do not believe that ASIC staff understand the specifics of the businesses they are dealing with (40). Most businesses are not sure who to speak to within ASIC when they need help (41) and are not confident the person they are dealing with has sufficient authority to make a decision (39).

Figure 3.14

#### DEALING WITH ASIC REGULATORY STAFF



Source: Allen Consulting Group

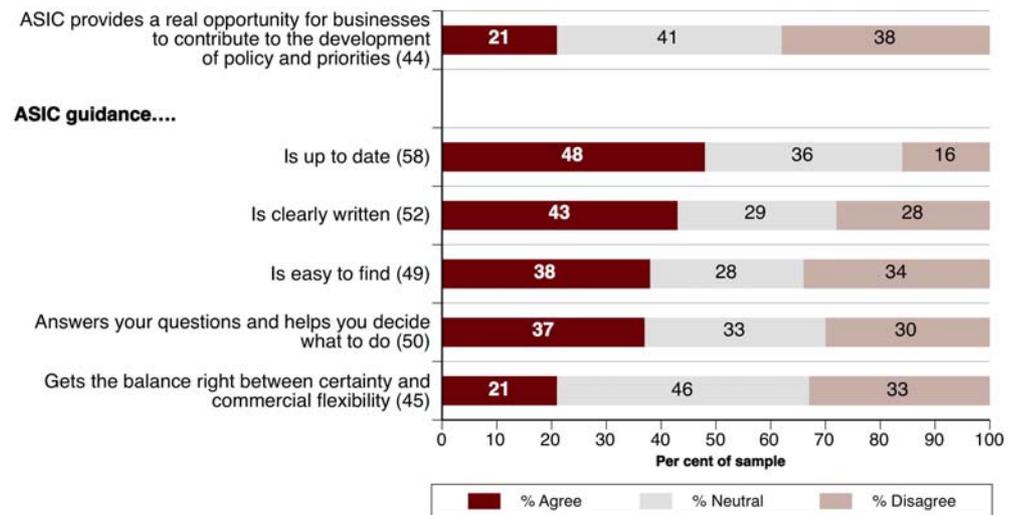
### Helping business understand what the rules are (policy and guidance)

Business generally does not think ASIC provides a real opportunity for them to contribute to the development of policies and priorities (44). However, business generally considers that ASIC’s guidance is up to date (58). On average, respondents were neutral about whether ASIC guidance was clearly written (52) and easy to find (49).

However, significantly more people were positive about the quality of writing than about the ease with which guidance could be found. More businesses than not find that ASIC guidance answers their questions and helps them decide what to do (50). However, the proportion of respondents that were neutral on this point suggests that there is room for improvement in this area. Business is generally unsure whether ASIC guidance strikes an appropriate balance between certainty and commercial flexibility (45), although few respondents thought the balance was right.

Figure 3.15

**HELPING BUSINESS UNDERSTAND WHAT THE RULES ARE (POLICY AND GUIDANCE)**



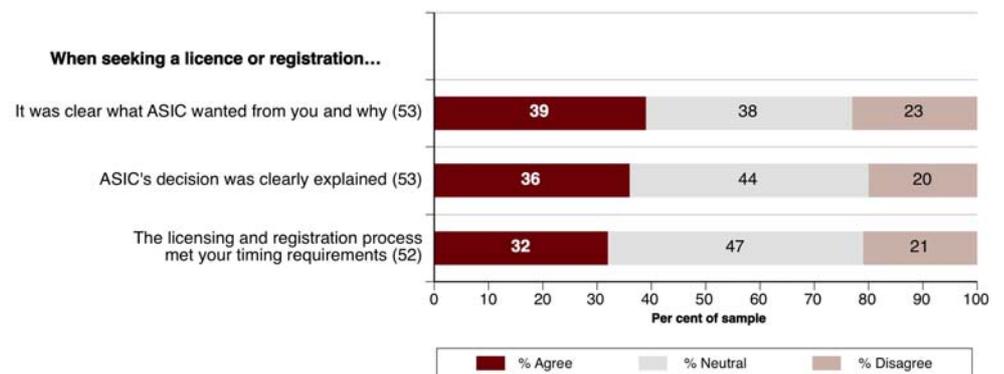
Source: Allen Consulting Group

**Getting permission from ASIC (licensing and registration)**

More respondents were positive than negative but a large number were neutral for all questions. It is generally clear what ASIC wants from business and why (53), and decisions are explained reasonably well (53). The timeframe for the licensing and registration process is considered reasonable, without being exceptional (52), although close to 50 per cent of responses were neutral.

Figure 3.16

**GETTING PERMISSION FROM ASIC (LICENSING AND REGISTRATION)**



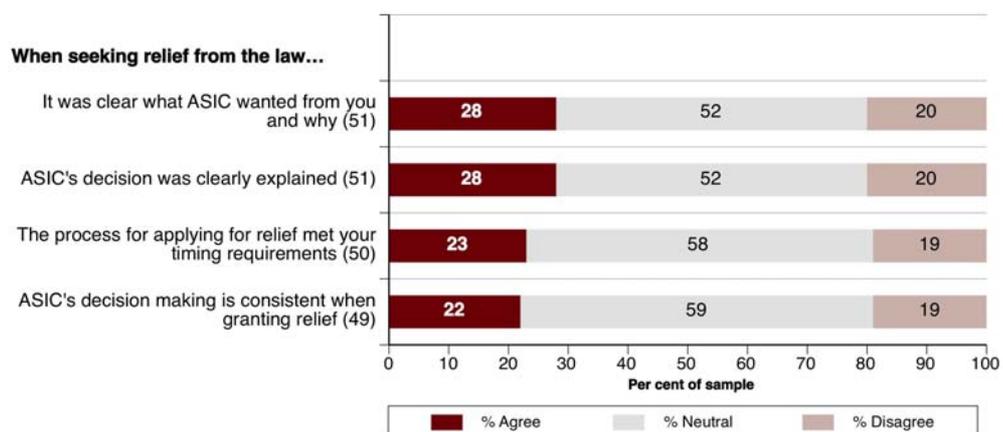
Source: Allen Consulting Group

### Facilitating business and adapting the law

Business was neutral about ASIC's performance when seeking relief from the law, which suggests ASIC is doing well enough without being exceptional. There is scope for improvement in ASIC's explanations of what it wants and why (51), as well as its explanations of its decisions (51). The process for applying for relief could be improved (50) and business is generally neutral about whether ASIC's decision-making in granting relief is consistent.

Figure 3.17

#### FACILITATING BUSINESS AND ADAPTING TO THE LAW (APPLICATIONS OF RELIEF)



Source: Allen Consulting Group

### Helping business comply with their regulatory obligations and influencing business behaviour

On average, business views about whether ASIC's compliance function is more about helping people to comply with obligations than finding problems are neutral (50). On average, though, more businesses than not think ASIC's compliance functions have a positive impact on individual and industry behaviour (52 and 51). There is some concern from business that ASIC's compliance function does not focus on the right issues (46).

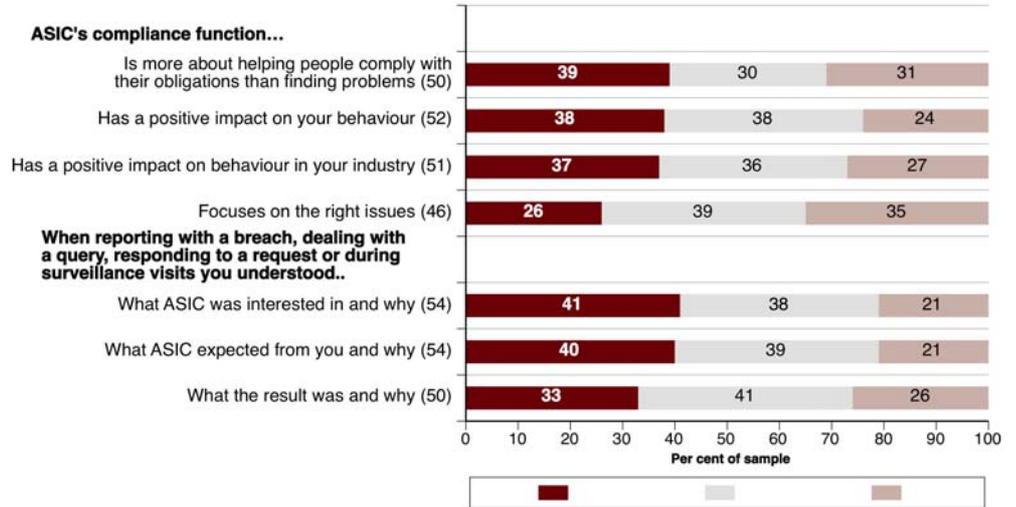
Businesses *generally* found that when reporting with a breach, dealing with a query, responding to a request or during a surveillance visit, ASIC made it clear

- what it was interested in and why (54); and
- what its expectations were and why (54).

However, there is room for improvement in the way ASIC communicates results to business, following compliance activities.

Figure 3.18

**HELPING BUSINESS COMPLY WITH THEIR REGULATORY OBLIGATIONS AND INFLUENCING BUSINESS BEHAVIOUR (COMPLIANCE ACTIVITIES)**



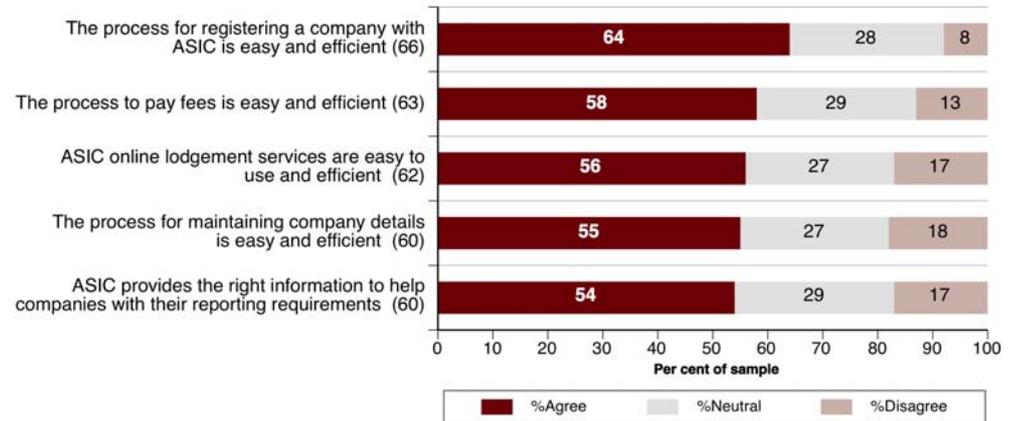
Source: Allen Consulting Group

**Lodging company documents with ASIC**

Business generally considers the lodgement of company documents with ASIC to be easy and efficient, including the process for registering a company (66), and for paying fees (63).

Figure 3.19

**LODGING COMPANY DOCUMENTS WITH ASIC**



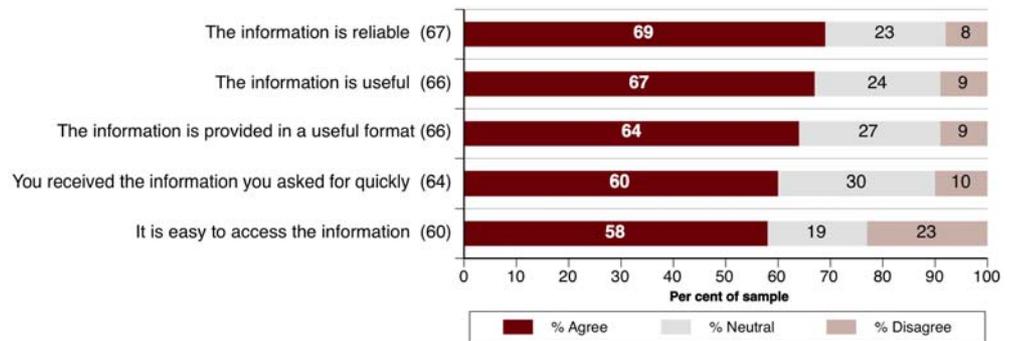
Source: Allen Consulting Group

**Searching information in ASIC databases**

Business generally regards ASIC’s information databases well. The information is considered reliable and useful (67 and 66) and is provided in a useful format (66). Information is provided quickly (64), is useful (66) and is easily accessible (60).

Figure 3.20

**SEARCHING INFORMATION IN ASIC’S DATABASES**



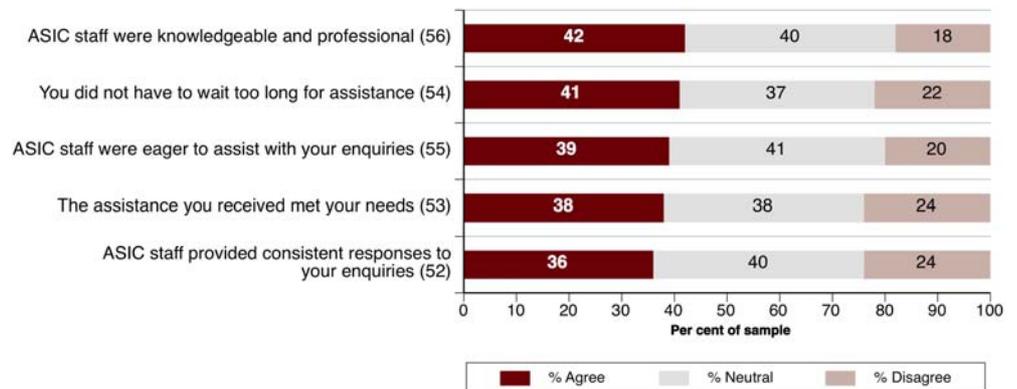
Source: Allen Consulting Group

**Calling the ASIC contact centre**

On the whole, businesses are reasonably positive about their experiences with the ASIC contact centre. Staff are generally considered to be knowledgeable and professional (56) and are eager to assist with enquiries (55). Responses were neutral about whether the assistance provided generally meets business needs (53) and the degree of consistency in responses to queries (52) but slightly more positive about response times (54).

Figure 3.21

**CALLING THE ASIC CONTACT CENTRE (INCLUDING ASIC INFOLINE)**

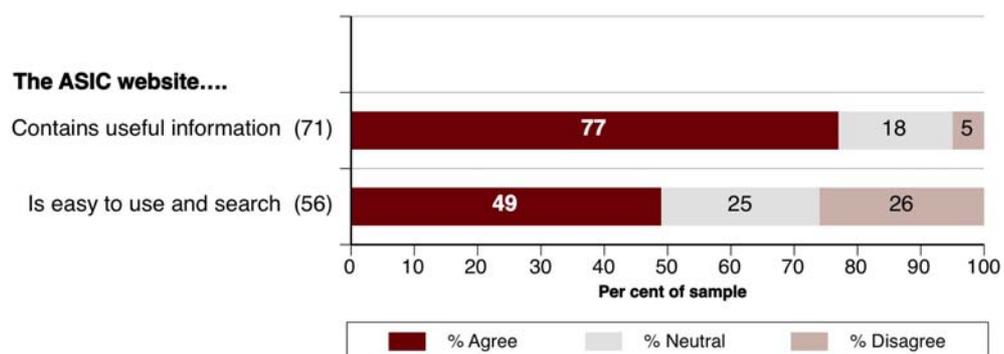


Source: Allen Consulting Group

**Using ASIC’s website**

Business is generally positive about ASIC’s website. It is widely considered to contain useful information (71) and is generally considered easy to use and search (56).

Figure 3.22

**USING ASIC'S WEBSITE**

Source: Allen Consulting Group

**3.9 Differences in views across the business stakeholder group**

Analysis of the quantitative survey results — through correlation of all questions with all demographic variables — indicates a high degree of uniformity across the broad ‘business’ stakeholder group. In other words, perceptions and expectations across the business stakeholder group do not vary systematically on the basis of any of the following respondent characteristics:

- company ownership — listed or private;
- capacity of interaction with ASIC;
- role of the respondent;
- company and respondent location;
- number of employees; or
- frequency of contact with ASIC.

The absence of any substantial difference in perceptions and expectations across businesses of different sizes, and on the basis of the respondent’s interaction with ASIC, is an unexpected result. We had anticipated that there might be differences, for example, between small and large companies in their perceptions of ASIC – whereas the survey showed no statistically significant difference between them on any questions. Similarly, we anticipated that the frequency and capacity of respondents’ interactions with ASIC might influence their views of the organisation, but again there was no significant difference.

**3.10 Significant issues and priorities for business stakeholders**

Business perceptions about whether ASIC is performing well are shaped by a range of different factors, the most important of which is whether ASIC administers the law efficiently with a minimum of procedural requirements.

Table 3.3 contains a ranking of the top 20 issues and priorities — in order — that led a business respondent to believe that ASIC performs well and / or would make the greatest contribution to improving perceptions (if addressed). The table also contains the mean score for each question, which indicates the extent to which ratings for that question could improve.

A comparison of this list with a similar list compiled from consumer responses (see Chapter 4) identifies 10 common factors (albeit not with the same ranking). A comparison with a similar list compiled from ASIC staff responses (see Chapter 5) identifies 11 common factors.

Table 3.3

**TOP 20 SIGNIFICANT ISSUES FOR BUSINESS STAKEHOLDERS IN DETERMINING OVERALL PERCEPTION**

Question	Business score	Common to consumer responses	Common to staff responses
Efficiently administering the law with a minimum of procedural requirements	44	No	Yes
Is open and accountable	48	Yes	Yes
Improving the performance of the financial system and the entities within it	53	No	Yes
Doing what needs to be done to enforce the law	49	No	Yes
Makes clear what it is doing and why	51	Yes	No
Provides good value for the taxpayer dollar	50	Yes	Yes
Quickly and efficiently receiving, processing and storing information given to ASIC	55	No	No
Is consistent in its dealings with business	48	No	Yes
Understands the market and the people it regulates	53	Yes	Yes
Contributing to the efficiency of the economy and reducing costs for business	42	No	Yes
Helping investors and consumers participate in the financial system in an informed and confident way	52	No	No
Communicates well with business	47	No	Yes
Is good at identifying and dealing with emerging problems	41	Yes	Yes
Communicates well with consumers and investors	49	Yes	No
Understands the impact of its activities	48	Yes	No
Understands businesses' needs	44	No	No
Treats you and your organisation as trustworthy / honest	53	No	No
Understands consumers' needs	49	Yes	No
Responds well to new products and new ways of doing business	46	Yes	No
Finds the right solution for most problems	47	Yes	Yes

Source: Allen Consulting Group

## Chapter 4

# Consumer survey

### 4.11 Responses

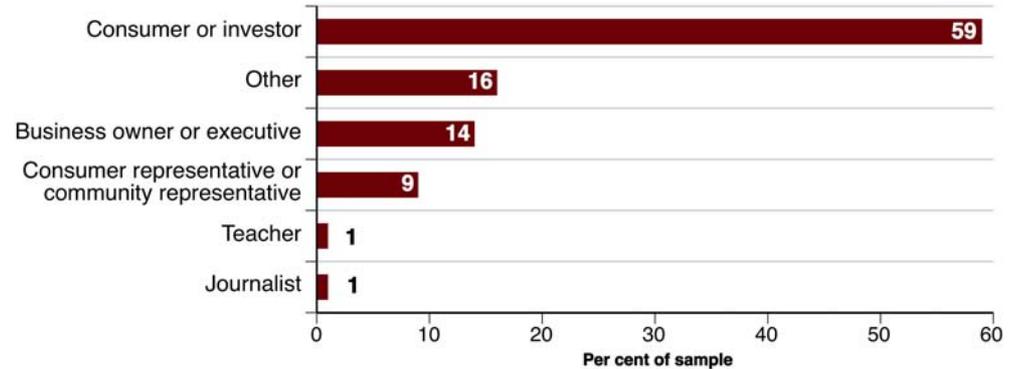
A total of 187 responses to the consumer survey were received, the profile of which is summarised below:

- *Gender:* 65 per cent of respondents were male, 35 per cent were female;
- *Location of respondent:*
  - 36 per cent located in New South Wales;
  - 29 per cent located in Victoria;
  - 16 per cent located in Queensland;
  - 5 per cent located in each of Western Australia and the ACT;
  - 4 per cent located in South Australia;
  - 2 per cent located in each of Tasmania and the Northern Territory; and
  - 1 per cent located overseas.
- *Age:* 51 per cent of respondents were aged between 40 and 59 years; 22 per cent of respondents were aged between 25 and 39 years, and above 60; and 4 per cent of respondents were aged between 16 and 24 years;
- *Family income:* 38 per cent of respondents had family income of between \$75 000 and \$149 999; 26 per cent had family income between \$30 000 and \$74 999; 17 per cent had family income between \$150 000 and \$249 999; 10 per cent had family income greater than \$250 000; and 9 per cent had family income below \$30 000;
- *Contact with ASIC:* 67 per cent of respondents indicated they usually interacted with ASIC through its websites; 13 per cent interacted with ASIC by telephone; 12 per cent by email; 4 per cent by letter; and 3 per cent in person;
- *Frequency of interaction with ASIC:* 68 per cent of respondents interacted with ASIC monthly; 15 per cent interacted with ASIC every six months; 8 per cent interacted with ASIC yearly; and 8 per cent interacted with ASIC less frequently than once every two years;

As a general observation, the method of data collection implies the profile of consumer respondents is likely to differ from that of the general population. For example, users of the FIDO website are likely to have a relatively greater knowledge of ASIC, and its role and responsibilities.

Respondent profile, in terms of the capacity in which they interact with ASIC, is summarised in Figure 4.23.

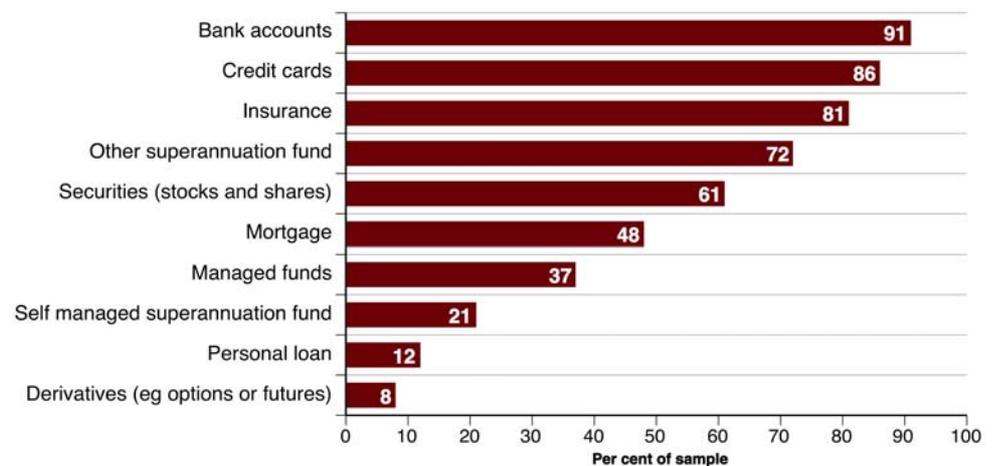
Figure 4.23

**CAPACITY IN WHICH RESPONDENTS INTERACT WITH ASIC**

Source: Allen Consulting Group

The type of products that consumer respondents own is summarised in Figure 4.24.

Figure 4.24

**PRODUCTS OWNED**

Source: Allen Consulting Group

## 4.12 Results

The remainder of this chapter considers the results of the consumer survey in more detail. It presents analysis in bar charts, which illustrate the spread of responses to individual questions, and reports the mean consumer score for each question. The mean provides a high-level indication of the ‘average’ consumer response to a question, and a reliable basis for comparing consumer responses with those of other stakeholder groups.

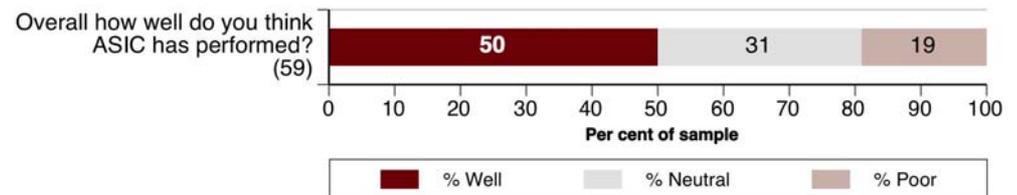
The following discussion also identifies where there are *substantial* differences in perceptions and expectations between business and consumer stakeholders for common survey questions.

### **Overall ASIC performance**

Consumers are positive about ASIC’s overall performance (59). Business is not as positive as consumers, but is positive nonetheless.

Figure 4.25

#### **ASIC’S OVERALL PERFORMANCE**



Source: Allen Consulting Group

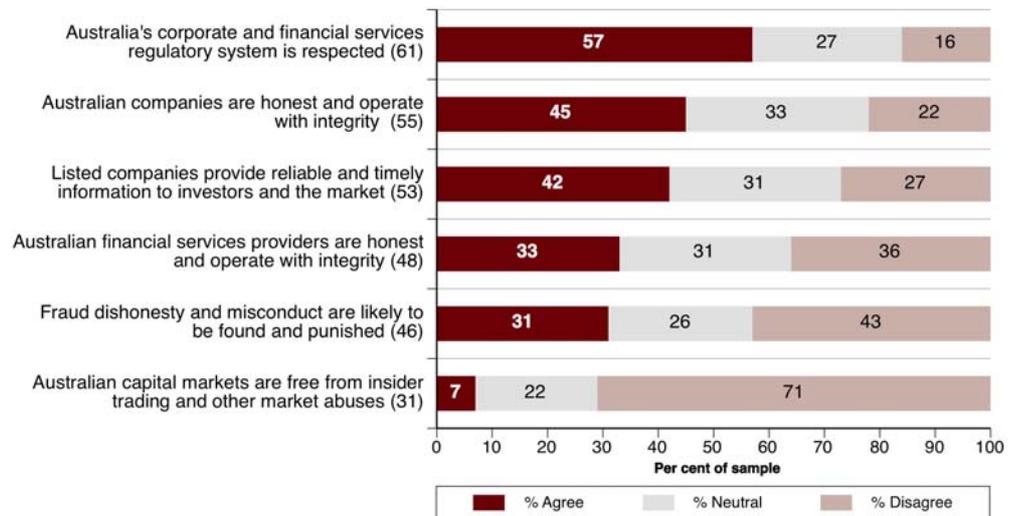
### **Current business environment**

Consumers believe the Australian corporate and finance services regulatory system is respected (61), but not to the same degree as business (66). They generally think Australian companies are honest and operate with integrity (55) — but are less positive than business (63) — and are reasonably positive about the reliability and timeliness of information listed companies provide to the market (53). Consumers have slightly negative views about whether Australian financial services providers are honest and operate with integrity (48), particularly compared with business (57). Consumers do not believe Australian capital markets are free from insider trading and other market abuses (31, compared with 47 for business).

In general, consumers hold significantly more negative views than business about the current business environment in Australia.

Figure 4.26

**CURRENT BUSINESS ENVIRONMENT**



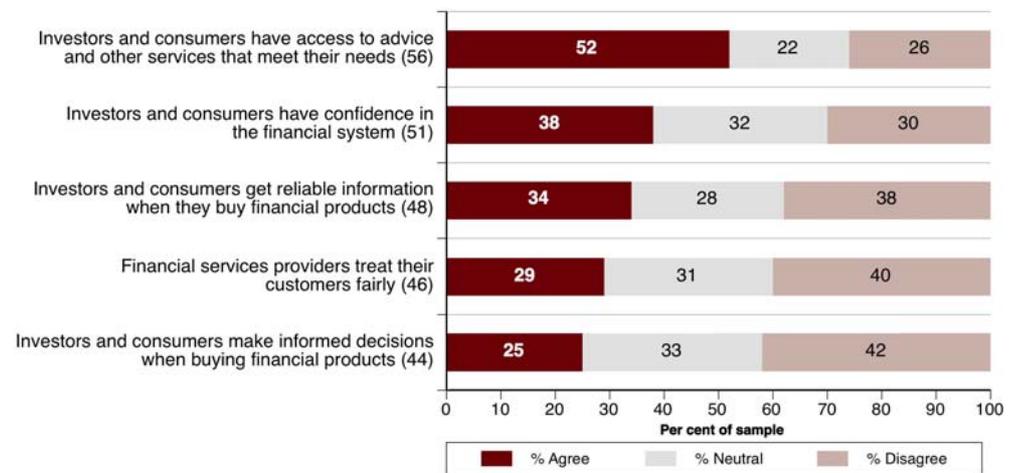
Source: Allen Consulting Group

**Current investor and consumer environment**

Consumers are quite positive about whether investors and consumers have access to advice and other services that meet their needs (56). They are neutral in their confidence in the financial system (51), and are a little doubtful about whether investors and consumers get reliable information when they purchase financial products (48). They are slightly negative about the way financial services providers treat their customers (46). They are concerned that investors and consumers may not make informed decisions when buying financial products (44).

Consumers generally have a similar view to business stakeholders about the current investor and consumer environment, although the overall business view is slightly more positive. Specific areas where there is a slight difference of view are the degree of confidence in the financial system and the fair treatment of customers by financial services providers.

Figure 4.27

**CURRENT INVESTOR AND CONSUMER ENVIRONMENT**

Source: Allen Consulting Group

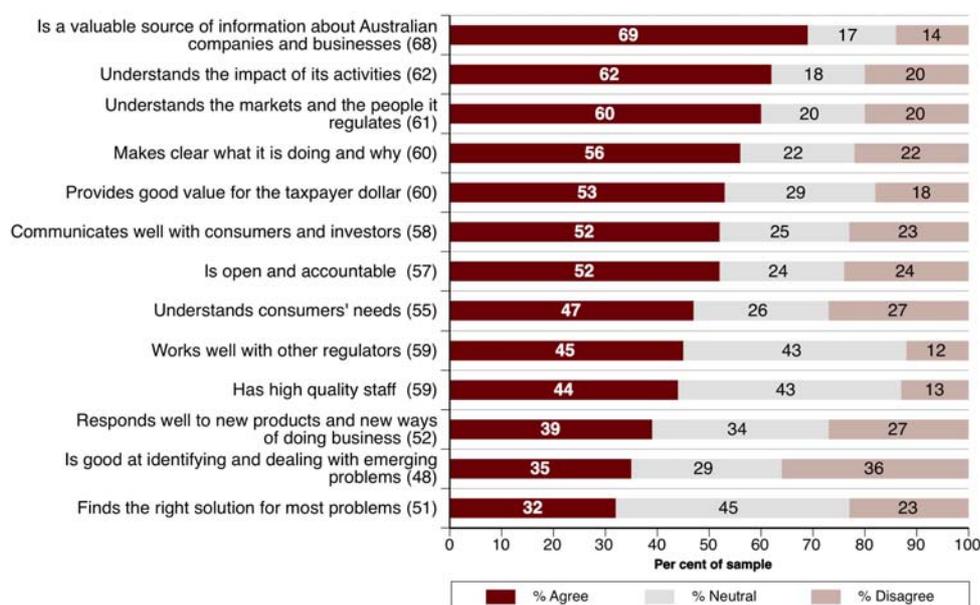
**Overall views about ASIC**

In general, consumers have a positive view of ASIC. They regard it as a valuable source of information about Australian companies and business (68). Consumers believe that ASIC understands the markets and the people it regulates (62), and the impact of its activities (62). They believe that in carrying out its activities, ASIC makes clear what it is doing and why (60), and communicates reasonably well with consumers and investors (58). Consumers think ASIC provides good value for the taxpayer dollar (60).

Consumers general impression is that ASIC works well with other regulators (59) and has high quality staff (59). However, many respondents were neutral on these questions, which suggests that it may be difficult for them to know with any degree of certainty.

Consumers are reasonably positive about ASIC's openness and accountability (57) and its understanding of consumer needs (55). Consumers are neutral about whether ASIC responds well to new products and ways of doing business (52). There is room for improvement in this area. They have also have mixed views about whether ASIC is good at identifying and dealing with emerging problems (48) and whether it finds the right solution to most problems (51).

Figure 4.28

**OVERALL VIEWS ABOUT ASIC**

Source: Allen Consulting Group

Consumers tend to be significantly more positive than business in their overall views of ASIC, particularly in the following areas:

- ASIC's understanding of the impact of its activities (62 compared with 48);
- ASIC's understanding of the markets and people it regulates (61 compared with 52);
- that ASIC makes clear what it is doing and why (60 compared with 51);
- that ASIC provides good value for the taxpayer dollar (60 compared with 50);
- that ASIC communicates well with consumers and investors (58 compared with 50);
- that ASIC is open and accountable (57 compared with 48); and
- that ASIC has high quality staff (59 compared with 50).

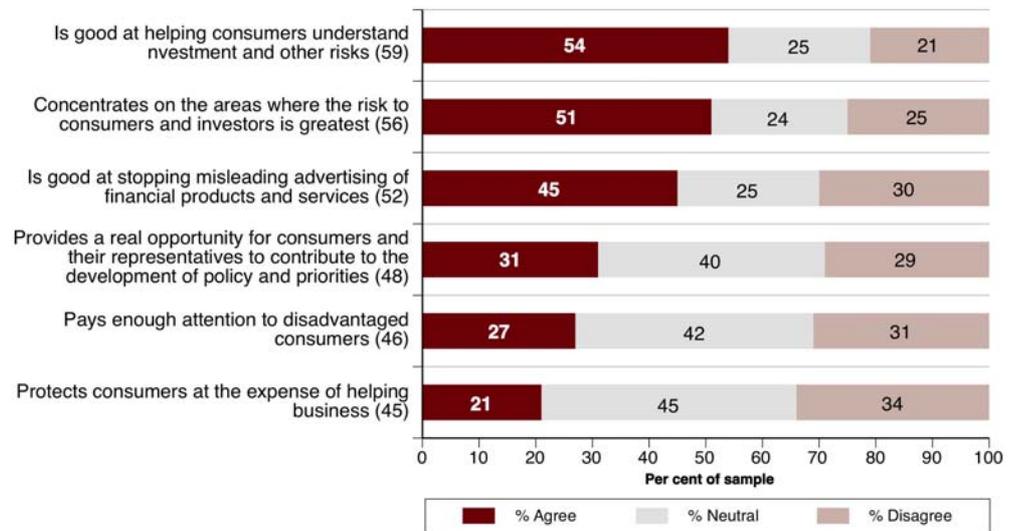
***ASIC's approach to helping consumers and investors***

Consumers generally believe ASIC concentrates on the areas where risks to consumers and investors are greatest (56) and is good at helping them understand investments and other risks (59). They are neutral about ASIC's performance in preventing misleading advertising of financial products and services (52) and providing a real opportunity for consumers to contribute to the development of policies and priorities (48).

Consumers tend to think ASIC doesn't pay enough attention to disadvantaged consumers (46). A large proportion of consumers are unsure whether ASIC protects them at the expense of helping business (45) but more think it does not than think it does.

Figure 4.29

**ASIC'S APPROACH TO HELPING CONSUMERS AND INVESTORS**



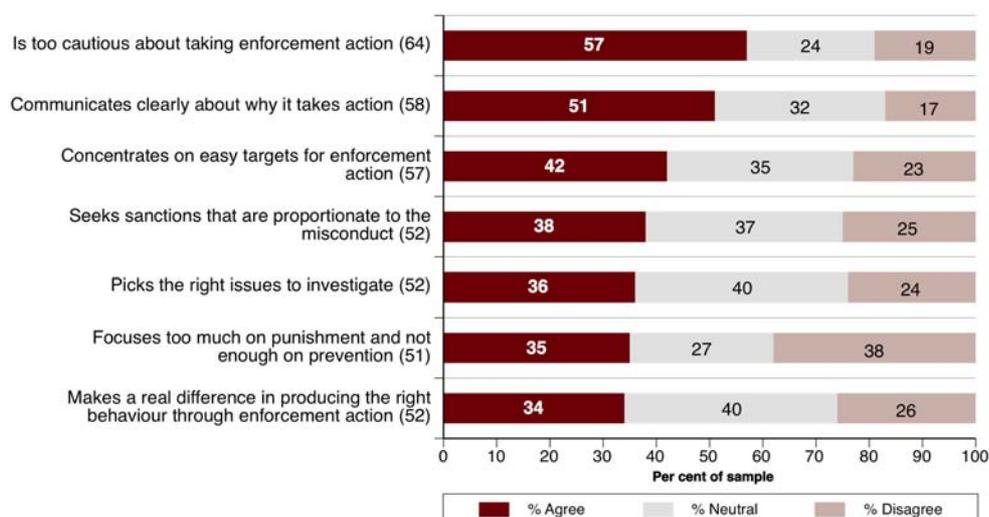
Source: Allen Consulting Group

In general, consumers are more positive than business about whether ASIC is good at helping them, although the most substantial difference is whether it is good at helping consumers understand investment and other risks (59 compared with 47 for business).

***How ASIC deals with people who don't comply with the law***

Consumers think ASIC is too cautious when it comes to taking enforcement action (64) and tends to focus on easy targets (57). However, consumers think that when ASIC does take action, it clearly communicates the reasons why (58). They are neutral about whether ASIC seeks sanctions that are proportionate to the misconduct (52) and whether ASIC picks the right issues to investigate (52). Consumers views are fairly evenly split on whether ASIC focuses too much on punishment and not enough on prevention (51) and they tend to be neutral about whether ASIC makes a real difference in producing the right behaviour through enforcement action (52).

Figure 4.30

**HOW ASIC DEALS WITH PEOPLE WHO DON'T COMPLY WITH THE LAW**

Source: Allen Consulting Group

There are a couple of substantial differences between consumer and business views on how ASIC deals with people who don't comply with the law. In particular:

- consumers are more concerned than business that ASIC is too cautious about taking enforcement action (64 compared with 56 for business); but
- are less concerned than business about whether ASIC picks the right issues to investigate (52 compared with 45).

***What ASIC should concentrate on in the future***

Consumers overwhelmingly believe prosecuting market abuses such as insider trading and market manipulation (81) should be a priority for ASIC. This is more important to consumers than it is to either ASIC staff (75) or business (77).

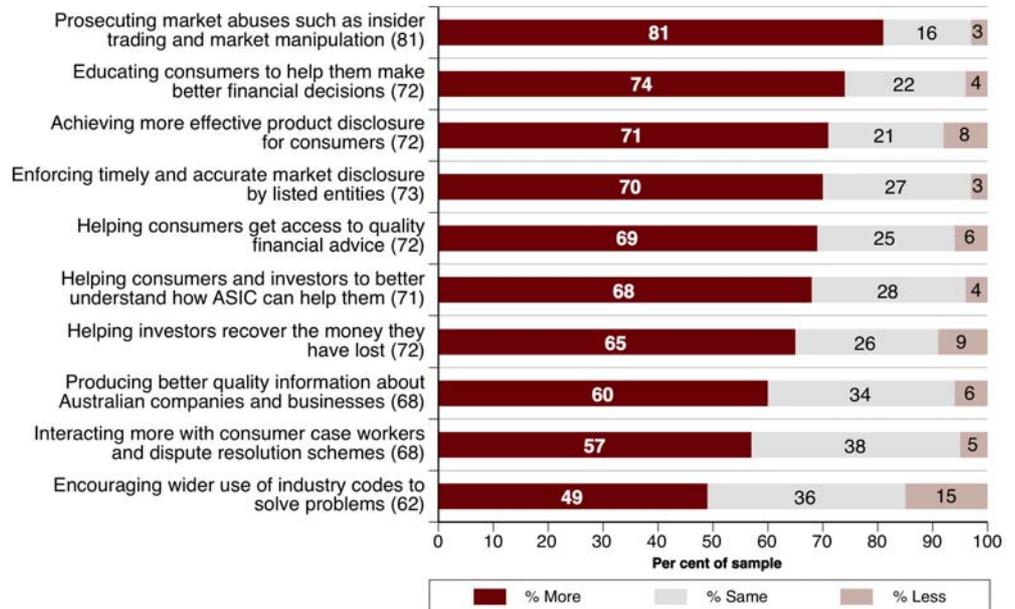
This is followed by a range of education and consumer protection measures including educating customers so they can make better financial decisions (72); achieving more effective product disclosure (72); enforcing timely and accurate market disclosures by listed entities (73); helping consumers get access to quality financial advice (72); and helping consumers better understand how ASIC can help them (71). In general, consumers are significantly more enthusiastic about enforcing timely and accurate market disclosure by listed entities, which may reflect the importance of information in decision making.

Consumers would also like ASIC to make more of an effort to help consumers recover money they have lost (72). Business or ASIC staff does not hold this view as strongly.

Issues of lesser priority for consumers include producing better quality information about Australian companies (68), interacting more with consumer case workers and dispute resolution schemes (68), and encouraging wider use of industry codes to solve problems (62).

Figure 4.31

**WHAT ASIC SHOULD CONCENTRATE ON IN THE FUTURE**



Source: Allen Consulting Group

While consumer views are largely consistent with those of business in terms of ASIC’s future priorities, substantial differences exist in some areas, namely:

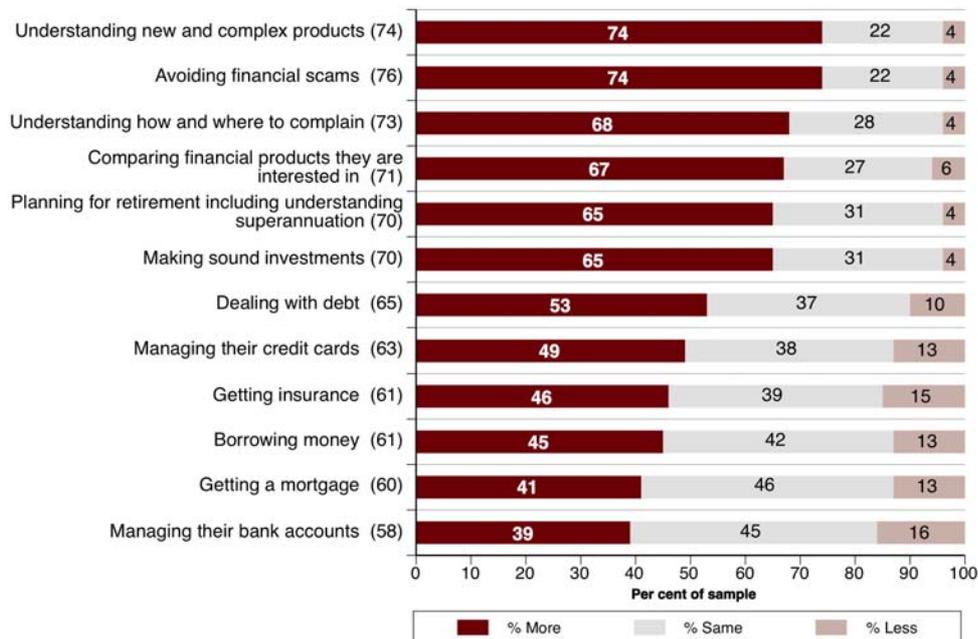
- that ASIC should enforce timely and accurate market disclosure by listed entities (73 compared with 66 for business); and
- that ASIC should help investors recover money they have lost (72 compared with 66 for business).

**How ASIC can help consumers more**

Consumers have identified a range of ways in which ASIC can help them more. The most important of these are enhancing their understanding of new and complex products (74) and helping them to avoid financial scams (76). The second tier of priorities relate to assistance with making investment decisions (70) and knowing how and where to complain (73). Fewer consumers identified dealing with debt (65), managing credit cards (63), getting insurance (61), borrowing money (61), getting a mortgage (60) and managing their bank accounts (58) as areas where more ASIC assistance is required. Nevertheless more people than not thought ASIC could provide more help in these areas.

Figure 4.32

**HOW ASIC CAN HELP CONSUMERS MORE**



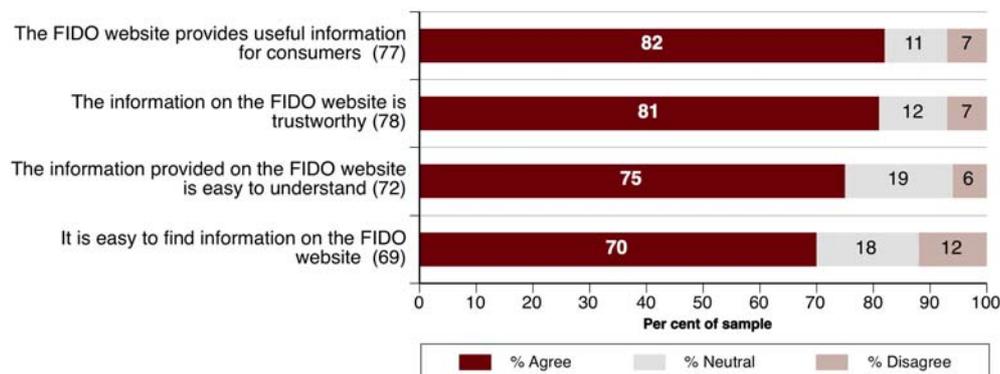
Source: Allen Consulting Group

**Using the FIDO website**

Consumers are very positive about the FIDO website. They think it provides useful and trustworthy information that is easy to understand (77, 78 and 72 respectively). Moreover, it is easy to find information on the site (69).

Figure 4.33

**USING THE FIDO WEBSITE**



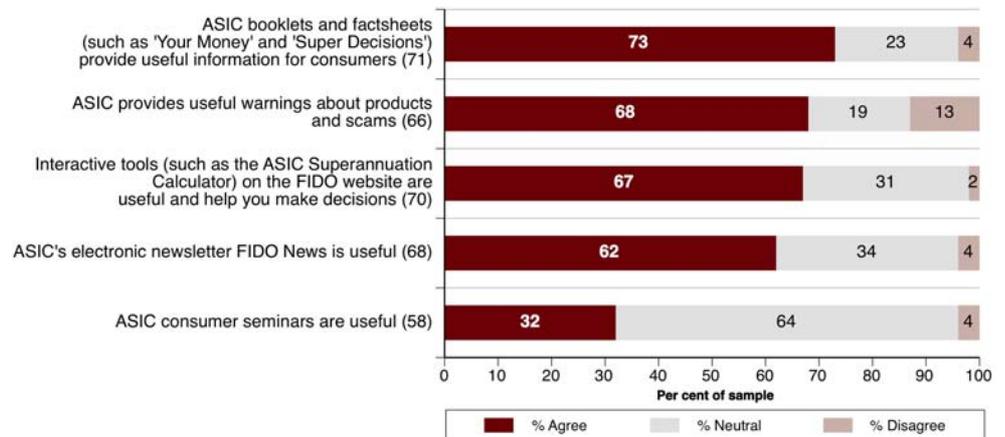
Source: Allen Consulting Group

**Using ASIC’s consumer information products and services**

Consumers find ASIC booklets and fact sheets, interactive tools, warnings, and electronic newsletters to be useful resources. They are generally undecided on the usefulness of consumer seminars. This may reflect the fact that it is difficult for many consumers to attend seminars.

Figure 4.34

**USING ASIC'S CONSUMER INFORMATION PRODUCTS AND SERVICES**



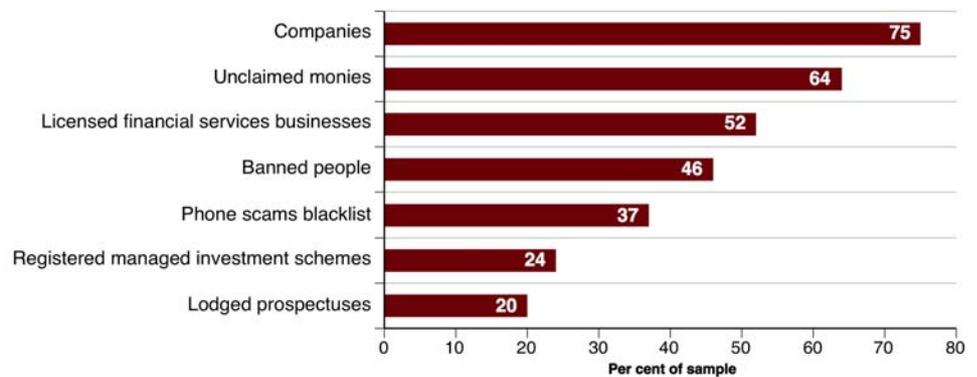
Source: Allen Consulting Group

**Searching ASIC's databases**

The ASIC databases are useful resources for consumers. The most commonly searched database is the companies database, followed by unclaimed monies and licensed financial services businesses. The least used databases are the lodged prospectuses database and registered managed investment scheme database. Banned people and phone scams blacklist receive a moderate to low level of use.

Figure 4.35

**SEARCHING ASIC'S DATABASES — DATABASES SEARCHED**

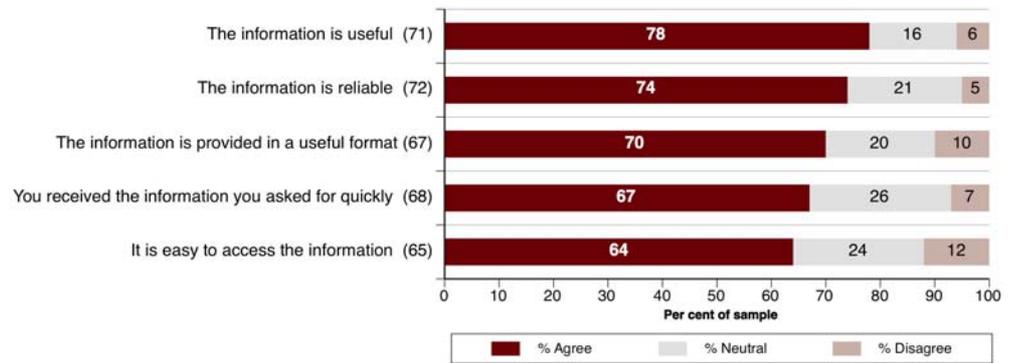


Source: Allen Consulting Group

Consumers find the information in the ASIC databases to be useful (71), reliable (72) and provided in a useful format (67). Most receive the information they ask for quickly (68) and find it easy to access the information (65).

Figure 4.36

**SEARCHING ASIC’S DATABASES — WHEN SEARCHING THE DATABASES**



Source: Allen Consulting Group

Consumers are generally more positive than business about ASIC’s databases, most notably with respect to the ease with which information can be accessed (65 compared with 59 for business).

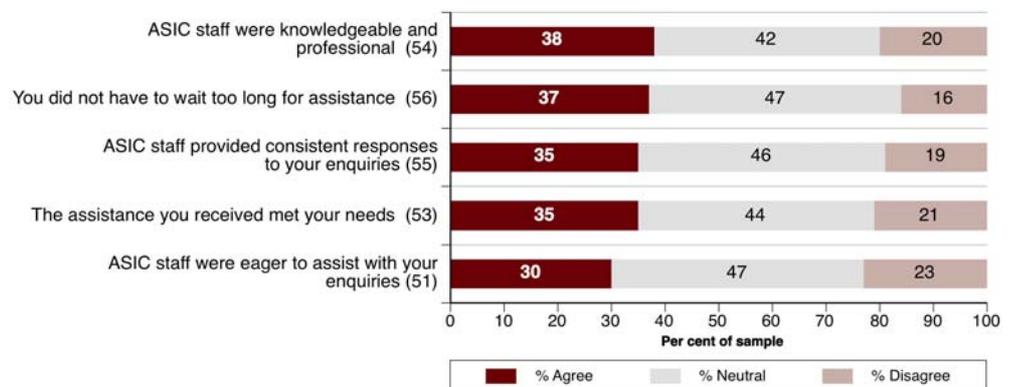
**Calling the ASIC contact centre**

Only 33 per cent of consumers who completed the survey answered questions about calling the ASIC contact centre. This may reflect the fact that consumers tend to use the internet rather than call the contact centre.

More people than not found that ASIC staff were knowledgeable and professional (54) and provide assistance that meets their needs (53). ASIC staff generally provided consistent responses to enquiries (55). Views were mixed on whether they were eager to assist consumers with their enquiries (51). It should be noted that a large proportion of respondents were neutral on their dealings with the ASIC contact centre. Consumer views were generally consistent with those of business.

Figure 4.37

**CALLING THE ASIC CONTACT CENTRE (INCLUDING ASIC INFOLINE)**



NOTE: only 33% answered this question

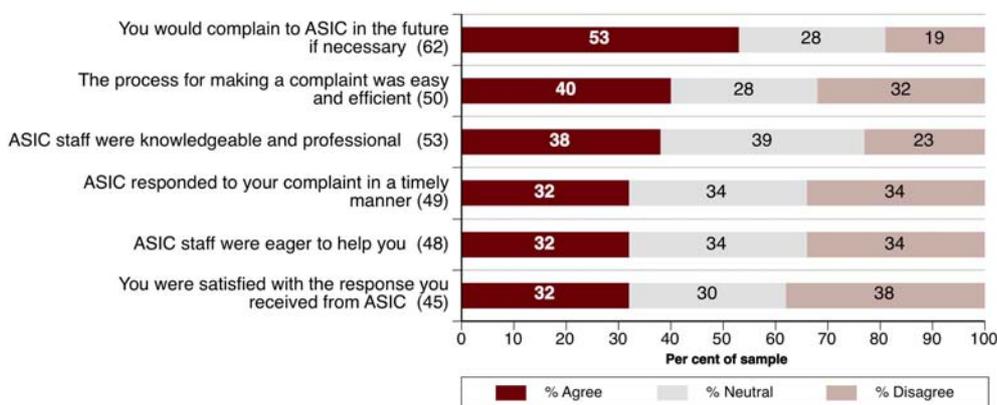
Source: Allen Consulting Group

### Making a complaint to ASIC

Twenty six percent of respondents answered questions about making complaints to ASIC. This may be because few respondents had actually made a complaint. Of those who did respond, most would complain to ASIC in future if necessary (62). More people than not found that the process for making a complaint was easy and efficient (50) (although the response was neutral overall) and that ASIC staff were knowledgeable and professional (53). Views were mixed about whether ASIC responded to complaints in a timely manner (49) and were eager to help (48). Consumers tended to be slightly negative about the response they received from ASIC (45).

Figure 4.38

#### MAKING A COMPLAINT TO ASIC ABOUT A COMPANY OR INDIVIDUAL



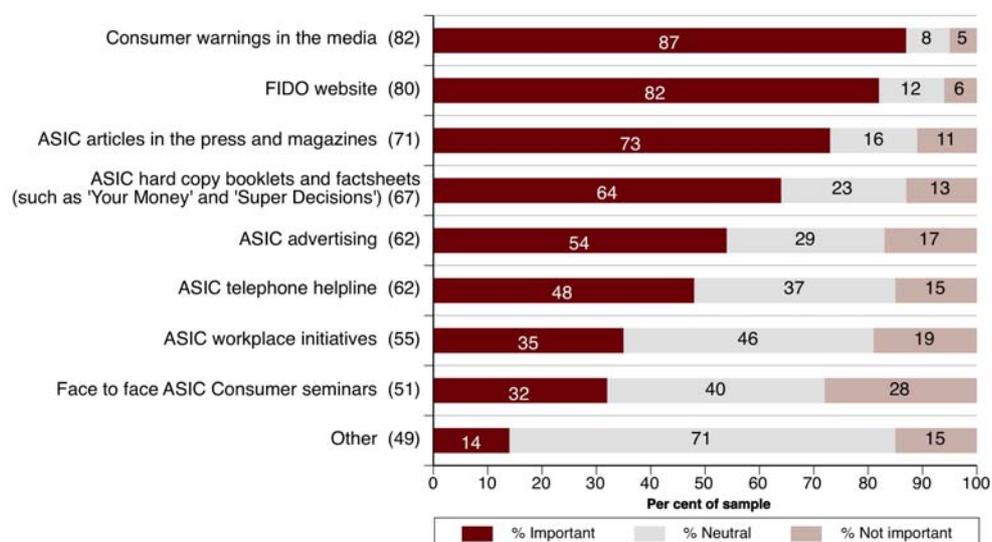
Source: Allen Consulting Group

### Delivery of ASIC’s consumers information

ASIC provides consumer information through a variety of vehicles. Consumers overwhelmingly believe that warnings issued through the media are the most important (82), followed by the FIDO website (80) and ASIC articles in the press and magazines (71). ASIC booklets and advertising and telephone helpline are considered reasonably important. Workplace initiatives face-to-face seminars and other initiatives are generally regarded as less important.

It is interesting to note the significant difference in perceptions between consumers and ASIC staff on the importance of telephone helplines, workplace initiatives, face-to-face seminars and other vehicles. This suggests that consumers look to the mass media and the web for information above all other sources, and tend not to use avenues that involve contact with a person.

Figure 4.39

**DELIVERY OF ASIC'S CONSUMER INFORMATION**

Source: Allen Consulting Group

**4.13 Differences in views across the consumer stakeholder group**

The correlation of responses with the demographic profile of individual respondents identified some substantial differences in views across the consumer stakeholder group.

Specific findings are as follows:

- people on high incomes are slightly *more* likely to believe that businesses are honest;
- people with insurance are slightly *more* likely to say:
  - they would complain to ASIC in the future if necessary;
  - ASIC assistance met their needs; and
  - they did not have to wait too long for assistance from the call centre.
- people with superannuation are slightly *more* likely to say:
  - assistance from the call centre met their needs; and
  - ASIC call centre staff are knowledgeable and professional.
- people with securities are slightly *more* likely to say:
  - ASIC staff provided consistent responses to their enquiries;
  - they did not have to wait too long for assistance; and
  - ASIC staff were eager to assist with their enquiries.
- people with managed funds are slightly *more* likely to say:
  - they would complain to ASIC in the future if necessary; and

- the process for making a complaint was easy and efficient.
- business people are slightly *less* likely to say ASIC staff are knowledgeable and professional; and
- people using the web are slightly *less* likely to say they did not have to wait too long for assistance, while people using email are *more* likely to say the opposite.

#### **4.14 Significant issues and priorities for consumer stakeholders**

Consumer perceptions about whether ASIC is performing well are shaped by a range of different factors, the most important of which is whether ASIC provides good value for the taxpayer dollar. Table 4.4 contains a ranking of the top 20 issues and priorities that led a consumer respondent to believe that ASIC performs well and/or would make the greatest contribution to improving perceptions if addressed. The table also contains the mean score for each question, which indicates the extent to which ratings for that question could improve.

A comparison of this list with a similar list compiled from business responses (see Chapter 3) identifies 10 common issues and priorities (albeit not with the same ranking). A comparison with a similar list compiled from ASIC staff responses (see Chapter 5) identifies 8 common factors.

Table 4.4

**TOP 20 SIGNIFICANT ISSUES FOR CONSUMER STAKEHOLDERS IN DETERMINING OVERALL PERCEPTION**

Question	Consumer score	Common to business responses	Common to staff responses
Provides good value for the taxpayer dollar	60	Yes	Yes
Is good at identifying and dealing with emerging problems	48	Yes	Yes
Is open and accountable	57	Yes	Yes
Understands consumers' needs	55	Yes	No
Understands the market and the people it regulates	61	Yes	Yes
Makes clear what it is doing and why	60	Yes	No
Has high quality staff	59	No	Yes
Communicates well with consumers and investors	58	Yes	No
Responds well to new products and new ways of doing business	52	Yes	No
Concentrates on the areas where the risk to consumers and investors is greatest	56	No	No
Understands the impact of its activities	62	Yes	No
Is good at helping consumers understand investment and other risks	59	No	No
You were satisfied with the response you received from ASIC	45	No	No
Finds the right solution for most problems	51	Yes	Yes
Is a valuable source of information about Australian companies and businesses	68	No	No
Picks the right issues to investigate	52	No	No
Is good at stopping misleading advertising of financial products and services	52	No	No
Makes a real difference in producing the right behaviour through enforcement action	52	No	Yes
ASIC responded to your complaint in a timely manner	49	No	No
Fraud, dishonesty and misconduct are likely to be found and punished	46	No	Yes

Source: Allen Consulting Group

## Chapter 5

### ASIC staff survey

This chapter considers the number and profile of responses from ASIC staff and identifies areas where there is a substantial difference in views between ASIC staff and the business and consumer groups.

This chapter also identifies those issues on which there are substantially different views within ASIC.

#### 5.15 Responses

The profile of the 320 ASIC staff responses to the survey is summarised below:

- 38 per cent of respondents were located in Victoria; 36 per cent were located in New South Wales; 12 per cent were located in Queensland; 7 per cent were located in Western Australia; 3 per cent were located in South Australia; 2 per cent were located in the ACT; and 2 per cent were located in Tasmania.
- 48 per cent of respondents had worked at ASIC for more than five years; 25 per cent had worked at ASIC for between one and three years; 17 per cent had worked at ASIC for between three and five years; and 11 per cent had worked at ASIC for less than one year.

The profile of respondents according to the ASIC directorate in which they work is summarised in Table 5.5.

Table 5.5

#### PROFILE OF RESPONDENTS

ASIC directorate	Percentage of respondents
Enforcement	26
Compliance	18
Operations	11
Regulation	11
Consumer Protection	10
Finance	8
Office of Chief Accountant	5
Executive	4
Strategy	3
Information Technology	3
Human Resources	2

Source: Allen Consulting Group

## 5.16 Results

The following discussion focuses on those areas where there are substantial differences in the perceptions and expectations of ASIC staff with those of consumer and business stakeholders. A difference in views should only be considered substantial or meaningful if there is a difference in means of greater than five.

As a general observation, ASIC staff are more positive in their views about ASIC's performance and interaction with stakeholders, particularly business. More specifically, ASIC staff are more positive about ASIC's performance in dealing with business in a regulatory capacity, including the clarity, appropriateness and effectiveness of its enforcement activity; the ease of interaction with ASIC staff; and ASIC's understanding of Australian capital markets and the impact of its activities.

There is less evidence of substantial differences in views on the environment in which ASIC operates.

### *ASIC's overall performance*

ASIC staff were significantly more positive than business about all of the indicators about their organisation's overall performance, including ASIC's performance relative to its legislative objectives. Consumers were also significantly more positive than business about ASIC's overall performance (with a mean of 59).

Table 5.6 indicates the difference in mean scores for questions about how well ASIC performs in specific areas.

Table 5.6

#### MEAN SCORE FOR QUESTIONS ABOUT OVERALL ASIC PERFORMANCE

Question	ASIC staff score	Business score	Consumer score
Overall, how well do you think ASIC has performed?	69	55	59
Making information about companies available to the public	73	60	-
Quickly and efficiently receiving, processing and storing information given to ASIC	64	55	-
Helping investors and consumers participate in the financial system in an informed and confident way	67	52	-
Improving the performance of the financial system and the entities within it	67	53	-
Doing what needs to be done to enforce the law	64	49	-
Efficiently administering the law with a minimum of procedural requirements	56	44	-
Contributing to the efficiency of the economy and reducing costs for business	57	42	-

Source: Allen Consulting Group

### **Current business environment**

ASIC staff are generally more positive about the respect in which the Australian regulatory system is held than either business or consumers. Consumer views were significantly more negative than either business or ASIC staff in some specific areas, namely, the honesty and integrity of Australian businesses.

Table 5.7 summarises responses to questions about the extent to which stakeholders agree with statements about the current business environment in Australia.

Table 5.7

#### **MEAN SCORE FOR QUESTIONS ABOUT CURRENT BUSINESS ENVIRONMENT**

<b>Question</b>	<b>ASIC staff score</b>	<b>Business score</b>	<b>Consumer score</b>
The integrity of Australian capital markets compares well with other countries	73	69	-
Australia's corporate and financial services regulatory system is respected	73	66	61
Australian companies are honest and operate with integrity	61	63	55
Australian capital markets are internationally competitive	69	65	-
Listed companies provide reliable and timely information to investors and the market	56	59	53
Businesses understand their regulatory obligations	59	56	-
Companies' financial reports are reliable and trustworthy	55	58	46
Australian financial services providers are honest and operate with integrity	51	57	48
Businesses are confident that the same rules apply to everybody	56	50	-
Fraud, dishonesty and misconduct are likely to be found and punished	47	46	46
Australian capital markets are free from insider trading and other market abuses	32	39	30

Source: Allen Consulting Group

### **Current investor and consumer environment**

There are few areas of substantial differences in perceptions of the current investor and consumer environment, although ASIC staff have a more negative view of the capability of investors and consumers to make informed decisions when buying financial products. Table 5.8 summarises responses across stakeholder groups to questions about the extent to which they agree with various questions about the current investor and consumer environment.

Table 5.8

**MEAN SCORE FOR QUESTIONS ABOUT CURRENT INVESTOR AND CONSUMER ENVIRONMENT**

Question	ASIC staff score	Business score	Consumer score
Investors and consumers have access to advice and other services that meet their needs	53	57	56
Investors and consumers have confidence in the financial system	55	56	51
Investors and consumers get reliable information when they buy financial products	48	52	49
Financial services providers treat their customers fairly	46	52	46
Investors and consumers make informed decisions when buying financial products	38	45	44

Source: Allen Consulting Group

***Overall views about ASIC***

ASIC staff are significantly more likely than business respondents — and consumers to a lesser extent — to perceive ASIC’s performance in a positive light in all areas except the use of technology to improve service delivery.

Table 5.9 indicates the mean score for questions about ASIC performance and illustrates this is the area where there is the greatest divergence of views between ASIC staff and external stakeholders (primarily business) even where the latter’s perspective is largely positive. This is most apparent in the following areas:

- whether ASIC understands the impact of its activities;
- whether ASIC provides good value for the taxpayer dollar;
- whether ASIC has high quality staff; and
- whether ASIC understands business needs.

Table 5.9

**MEAN SCORE FOR QUESTIONS ABOUT OVERALL VIEWS OF ASIC**

Question	ASIC staff score	Business score	Consumer score
Is a valuable source of information about Australian companies and businesses	73	65	68
Uses new technologies to improve its services and activities	47	58	-
Understands the markets and the people it regulates	69	53	62
Makes clear what it is doing and why	61	51	60
Works well with other regulators	68	55	59
Communicates well with consumers and investors	60	49	57
Understands the impact of its activities	66	48	62
Understands consumers' needs	64	49	55
Is open and accountable	66	48	57
Provides good value for the taxpayer dollar	70	50	60
Is consistent in its dealings with business	59	48	-
Has high quality staff	72	50	59
Communicates well with business	60	47	-
Helps small business understand their obligations	55	47	-
Understands businesses' needs	62	44	-
Finds the right solution for most problems	59	47	52
Responds well to new products and new ways of doing business	56	46	53
Is good at identifying and dealing with emerging problems	52	41	48

Source: Allen Consulting Group

***ASIC's approach to helping consumers and investors***

The general view of ASIC's measures to assist consumers and investors is positive, although the view within ASIC is more positive than business and consumer stakeholders. Table 5.10 summarises responses across stakeholder groups to questions about the extent to which they agree with questions about measures to assist consumers and investors.

Table 5.10

**MEAN SCORE FOR QUESTIONS ABOUT ASIC'S APPROACH TO HELPING CONSUMERS AND INVESTORS**

Question	ASIC staff score	Business score	Consumer score
The FIDO website provides useful information for consumers	79	67	77
ASIC is good at stopping misleading advertising of financial products and services	58	50	52
ASIC concentrates on the areas where the risk to consumers and investors is greatest	60	51	56
ASIC is good at helping consumers understand investment and other risks	57	48	60
ASIC protects consumers at the expense of helping business	45	50	45
ASIC pays enough attention to disadvantaged consumers	50	47	46
ASIC provides a real opportunity for consumers and their representatives to contribute to the development of policy and priorities	51	46	48

Source: Allen Consulting Group

***How ASIC deals with people who don't comply with the law***

There are some notable areas where views differ substantially between ASIC staff and business stakeholders about ASIC's treatment of people and entities who don't comply with the law. For instance, business is of the view that ASIC concentrates on easy targets for enforcement action, while ASIC staff do not share this view. Similarly, ASIC staff disagree with the business view that ASIC focuses too much on punishment and not enough on prevention, that it does not seek sanctions that are proportionate to misconduct, and that its enforcement actions fail to produce the right behaviour.

Consumers views are more consistent with those of ASIC staff, except in relation to whether ASIC seeks sanctions that are proportionate to observed misconduct.

Table 5.11 summarises responses across stakeholder groups to questions about the extent to which they agree with questions about how ASIC deals with those who break the law.

Table 5.11

**MEAN SCORE FOR QUESTIONS ABOUT HOW ASIC DEALS WITH THOSE WHO BREAK THE LAW**

Question	ASIC staff score	Business score	Consumer score
ASIC concentrates on easy targets for enforcement action	50	61	57
ASIC focuses too much on punishment and not enough on prevention	46	55	50
ASIC is too cautious about taking enforcement action	59	56	64
ASIC communicates effectively about why it takes action	56	52	58
ASIC does enough to maintain confidence in the integrity of Australia's capital markets	60	52	-
ASIC communicates clearly about what an enforcement action means for other businesses' behaviour	54	51	-
ASIC seeks sanctions that are proportionate to the misconduct	62	47	52
ASIC makes a real difference in producing the right behaviour through enforcement action	56	45	51
ASIC is consistent in the way it takes enforcement action	56	44	-
ASIC picks the right issues to investigate	53	44	51

Source: Allen Consulting Group

***What ASIC should concentrate on in the future***

There are a number of areas of substantial differences in views between ASIC staff and business, and consumers respectively. This is not surprising given their different perspectives, and differences in the objectives and requirements of respective external stakeholders.

Table 5.12 summarises differences in views about preferred priorities for ASIC. In particular, it indicates that unlike business, ASIC staff do not hold a strong view that it should focus on working with business rather than taking regulatory action, that it should tailor its approach to different sized companies, seek to reduce red tape, or encourage wider use of industry codes to solve problems.

Similarly, ASIC staff do not place the same emphasis as consumer stakeholders on helping investors recover money they have lost, enforcing timely and accurate disclosure by listed entities, or encouraging wider use of industry codes, although they are still viewed as priorities.

The most significant priorities for ASIC staff appear to relate to issues of market integrity, and education and behavioural issues for consumers, including:

- prosecuting market abuses and insider trading;
- educating consumers to help them make better financial decisions;
- achieving more effective product disclosure for consumers; and
- helping consumers better understand how ASIC can help them.

Table 5.12

**MEAN SCORE FOR QUESTIONS ABOUT PREFERRED PRIORITIES FOR ASIC**

Question	ASIC staff score	Business score	Consumer score
Prosecuting market abuses such as insider trading and market manipulation	75	77	82
Educating consumers to help them make better financial decisions	77	71	72
Achieving more effective product disclosure for consumers	76	69	73
Enforcing timely and accurate market disclosure by listed entities	67	66	73
Helping consumers get access to quality financial advice	74	69	72
Helping consumers and investors to better understand how ASIC can help them	75	67	71
Helping investors recover the money they have lost	65	66	72
Producing better quality information about Australian companies and businesses	65	67	68
Interacting more with consumer case workers and dispute resolution schemes	62	-	68
Encouraging wider use of industry codes to solve problems	54	63	62
Reducing regulatory red tape	69	76	-
Concentrating more on principles and outcomes than on rules	65	71	-
Tailoring its approach to different sized companies	63	72	-
Working with business rather than taking regulatory action	58	70	-
Using economic analysis and market information to help set policies and priorities	71	65	-
Taking more account of differences between wholesale and retail markets	61	66	-
Reducing regulatory barriers to international investments	58	60	-

Source: Allen Consulting Group

***Searching for information in ASIC's databases***

There are few areas of substantial difference between the views of ASIC staff and business and consumer stakeholders respectively regarding ASIC's databases. This is illustrated in Table 5.13.

Table 5.13

**MEAN SCORE FOR QUESTIONS ABOUT SEARCHING FOR INFORMATION IN ASIC'S DATABASES**

Question	ASIC staff score	Business score	Consumer score
The information is reliable	63	67	71
The information is useful	66	66	71
The information is provided in a useful format	60	66	68
You received the information you asked for quickly	68	64	68
It is easy to access the information	59	60	66

Source: Allen Consulting Group

***Calling the ASIC contact centre***

The views of ASIC staff regarding the ASIC contact centre differ substantially from those of external stakeholders in some specific areas. In general, the view of ASIC staff is more positive. This is illustrated in Table 5.14.

Table 5.14

**MEAN SCORE FOR QUESTIONS ABOUT CONTACTING THE ASIC CONTACT CENTRE**

Question	ASIC staff score	Business score	Consumer score
ASIC staff were knowledgeable and professional	64	56	54
You did not have to wait too long for assistance	58	54	56
ASIC staff were eager to assist with your enquiries	65	55	51
The assistance you received met your needs	59	53	53
ASIC staff provided consistent responses to your enquiries	58	52	55

Source: Allen Consulting Group

***Areas of specific business interaction***

This section compares the views of ASIC staff with those of business stakeholders for specific areas of interaction between the two.

***Dealings with ASIC regulatory staff***

There are substantial differences between business perceptions of their dealings with ASIC staff and those of ASIC respondents. While the overall view among business stakeholders is relatively neutral, ASIC views are much more positive. This is apparent in a range of areas but most noticeably in relation to the following:

- that ASIC staff are knowledgeable and professional;
- that ASIC staff are more collaborative than adversarial;
- that ASIC staff focus on outcomes rather than process; and
- that ASIC understands the specific of an individual business.

Table 5.15 illustrates these differences by noting mean responses to questions about business dealings with ASIC regulatory staff.

Table 5.15

**MEAN SCORE FOR QUESTIONS ABOUT DEALINGS WITH ASIC REGULATORY STAFF**

Question	ASIC staff score	Business score
ASIC staff were knowledgeable and professional	72	60
ASIC staff treat you and your organisation as trustworthy / honest	59	53
ASIC staff are more collaborative than adversarial	63	51
ASIC staff are not overly legalistic in their approach	58	49
ASIC staff communicate well with each other	58	50
ASIC staff focus on outcomes rather than process	56	45
ASIC staff understand the specifics of your business	61	40
You know who to speak to as ASIC when you need help	44	41
You are confident the person you're dealing with has sufficient authority to make a decision	47	39

Source: Allen Consulting Group

*Policy and guidance for business*

ASIC staff have a substantially more positive view than business about the extent to which ASIC helps business understand the regulatory framework (through the provision of policy advice and guidance, for example). This is illustrated in Table 5.16.

Table 5.16

**MEAN SCORE FOR QUESTIONS ABOUT POLICY AND GUIDANCE**

Question	ASIC staff score	Business score
ASIC provides a real opportunity for businesses to contribute to the development of policy and guidance	58	44
ASIC guidance is up to date	56	58
ASIC guidance is clearly written	59	52
ASIC guidance is easy to find	53	49
ASIC guidance answers your questions and helps you decide what to do	60	50
ASIC guidance gets the balance right between certainty and commercial flexibility	58	45

Source: Allen Consulting Group

*Licensing and registration*

There are some differences in views about the ease with which businesses become licensed and registered. This is illustrated in Table 5.17.

Table 5.17

**MEAN SCORE FOR QUESTIONS ABOUT GETTING PERMISSION FROM ASIC (LICENSING AND REGISTRATION)**

Question	ASIC staff score	Business score
When seeking a licence or registration, it was clear what ASIC wanted from you and why	61	53
ASIC's decision was clearly explained	59	53
The licensing and registration process met your timing requirements	57	52

Source: Allen Consulting Group

*Facilitating business and adapting the law*

There are substantial differences in views about the process for facilitating business and adapting the law, through the provision of relief, for example.

Table 5.18

**MEAN SCORE FOR QUESTIONS ABOUT FACILITATING BUSINESS AND ADAPTING THE LAW (APPLICATIONS FOR RELIEF)**

Question	ASIC staff score	Business score
When seeking relief from the law, it was clear what ASIC wanted from you and why	61	51
ASIC's decision was clearly explained	61	51
The process for applying for relief met your timing requirements	59	50
ASIC's decision making is consistent when granting relief	61	49

Source: Allen Consulting Group

*Compliance activities*

There are substantial differences in views in some specific areas regarding ASIC's compliance activities, and the manner in which it influences business behaviour. This is illustrated in Table 5.19.

Table 5.19

**MEAN SCORE FOR QUESTIONS ABOUT COMPLIANCE ACTIVITIES**

Question	ASIC staff score	Business score
ASIC's compliance function is more about helping people comply with their obligations than finding problems	58	50
ASIC's compliance function has a positive impact on your behaviour	63	52
ASIC's compliance function has a positive impact on behaviour in your industry	63	51
ASIC's compliance function focuses on the right issues	58	46
When reporting a breach, dealing with a query, responding to a request or during a surveillance visit, you understood what ASIC was interested in and why	58	54
When reporting a breach, dealing with a query, responding to a request or during a surveillance visit, you understood what ASIC expected from you and why	59	54
When reporting a breach, dealing with a query, responding to a request or during a surveillance visit, you understood what the result was and why	56	50

Source: Allen Consulting Group

*Lodging company documents*

There are few areas of substantial differences of opinion regarding the process for lodging company documents with ASIC, as illustrated in Table 5.20.

Table 5.20

**MEAN SCORE FOR QUESTIONS ABOUT LODGING COMPANY DOCUMENTS WITH ASIC**

Question	ASIC staff score	Business score
The process for registering a company with ASIC is easy and efficient	65	66
The process to pay fees is easy and efficient	56	63
ASIC online lodgement services are easy to use and efficient	63	62
The process for maintaining company details is easy and efficient	61	60
ASIC provides the right information to help companies with their reporting requirements.	65	60

Source: Allen Consulting Group

*Using ASIC's website*

There are no substantial differences of opinion regarding ASIC's website, as illustrated in Table 5.21.

Table 5.21

**MEAN SCORE FOR QUESTIONS ABOUT USING ASIC'S WEBSITE**

Question	ASIC staff score	Business score
The ASIC website contains useful information	76	71
The ASIC website is easy to use and search	54	56

Source: Allen Consulting Group

***Areas of specific consumer interaction***

This section compares the views of ASIC staff with those of consumer stakeholders for specific areas of interaction between the two.

***How ASIC can help consumers more***

There are few areas of substantial differences in views about the manner in which ASIC can assist consumers and investors. While consumers generally consider there to be scope for ASIC to provide greater assistance in a broad range of areas, ASIC staff see less of a need in relation to some specific financial products.

This is illustrated in Table 5.22 which contains mean responses to questions about how ASIC can do more to help consumers and may reflect for some misunderstandings among consumers about ASIC's precise role.

Table 5.22

**MEAN SCORE FOR QUESTIONS ABOUT HOW ASIC CAN HELP CONSUMERS MORE**

Question	ASIC staff score	Consumer score
Understanding new and complex products	72	74
Avoiding financial scams	74	76
Understanding how and where to complain	69	73
Comparing financial products they are interested in	71	71
Planning for retirement, including understanding superannuation	68	70
Making sound investments	71	70
Dealing with debt	59	65
Managing their credit cards	55	63
Getting insurance	55	61
Borrowing money	61	61
Getting a mortgage	58	60
Managing their bank accounts	53	58

Source: Allen Consulting Group

*Using ASIC's consumer information services*

There are some substantial differences in views about the usefulness of some of ASIC's consumer information products and services, with ASIC staff typically having a much more positive view. This is illustrated in Table 5.23.

Table 5.23

**MEAN SCORE FOR QUESTIONS ABOUT USING ASIC'S CONSUMER INFORMATION PRODUCTS AND SERVICES**

Question	ASIC staff score	Consumer score
ASIC's booklets and factsheets provide useful information for consumers	76	71
ASIC provides useful warnings about products and scams	68	66
Interactive tools on the FIDO website are useful and help you make decisions	76	70
ASIC's electronic newsletter (FIDO News) is useful	71	68
ASIC consumer seminars are useful	69	58

Source: Allen Consulting Group

There are also differences in views regarding the importance of ASIC's specific information initiatives. This is illustrated in Table 5.24, which contains details of responses to questions about the importance of some specific elements. In general, consumers have a very positive view, although this is more apparent in certain areas.

Table 5.24

**MEAN SCORE FOR QUESTIONS ABOUT THE IMPORTANCE OF ASIC'S CONSUMER INFORMATION SERVICES**

Question	ASIC staff score	Consumer score
Consumer warnings in the media	89	82
FIDO website	82	80
ASIC articles in the press and magazines	84	71
ASIC hardcopy booklets and factsheets (such as 'Your Money')	73	67
ASIC advertising	77	62
ASIC telephone helpline	78	62
ASIC workplace initiatives	69	55
Face to face ASIC consumer seminars	79	51

Source: Allen Consulting Group

As mentioned, this is an area where the divergence of views between ASIC staff and consumers is greatest. It is interesting to note the significant difference in perceptions between consumers and ASIC staff on the importance of telephone helplines, workplace initiatives, face-to-face seminars and other vehicles. This suggests consumers may look to the mass media and the web for information above all other sources, and tend not to use avenues that involve contact with a person.

*Using the FIDO website*

There is no substantial difference in views regarding the FIDO website, as illustrated in Table 5.25.

Table 5.25

**MEAN SCORE FOR QUESTIONS ABOUT USING THE FIDO WEBSITE**

Question	ASIC staff score	Consumer score
The FIDO website provide useful information for consumers	80	77
The information on the FIDO website is trustworthy	77	78
The information provided on the FIDO website is easy to understand	75	72
It is easy to find information on the FIDO website	66	69

Source: Allen Consulting Group

*Making a complaint to ASIC*

Twenty six per cent of consumer respondents answered questions about the process for complaining to ASIC about a company or individual. There are, however, some substantial differences of opinion between these respondents and ASIC staff, as illustrated in Table 5.26. ASIC staff are generally more positive about the process, most notably with respect to their knowledge and professionalism, and their willingness to assist complainants.

Table 5.26

**MEAN SCORE FOR QUESTIONS ABOUT MAKING A COMPLAINT TO ASIC**

Question	ASIC staff score	Consumer score
You would complain to ASIC in the future if necessary	-	62
The process for making a complaint was easy and efficient	61	50
ASIC staff were knowledgeable and professional	69	53
ASIC responded to your complaint in a timely manner	58	49
ASIC staff were eager to help you	65	48
You were satisfied with the response you received from ASIC	46	45

Source: Allen Consulting Group

**5.17 Differences in views across ASIC**

The correlation of responses with the demographic profile of individual respondents did not identify any substantial differences in views across ASIC. However, there were weak correlations in some specific areas.

Specific findings are as follows:

- consumer protection staff believe the process for making a complaint is easy and efficient;

- enforcement staff are *less* likely to believe Australian capital markets are free from insider trading and other market abuses;
- operations staff are *less* likely to believe the process to pay fees is easy and efficient;
- operations staff are *less* likely to believe the information in ASIC's databases is provided in a useful format;
- there are no geographic or tenure correlations.

### **5.18 Significant issues and priorities for ASIC staff**

Table 5.27 contains a ranking of the top 20 issues or priorities that led an ASIC respondent to believe that ASIC performs well and / or would make the greatest contribution to improving staff perceptions (if addressed). The table also contains the mean score for each question, which indicates the extent to which ratings for that question could improve.

A comparison of this ranking with a similar list compiled from business responses (see Chapter 3) identifies 11 common issues and priorities (albeit not with the same ranking), as follows:

- helping investors and consumers participate in the financial system in an informed and confident way;
- ASIC provides good value for the taxpayer dollar;
- ASIC is consistent in its dealings with business;
- ASIC understands the markets and the people it regulates;
- improving the performance of the financial system and the entities within it;
- contributing to the efficiency of the economy and reducing costs for business;
- ASIC is good at identifying and dealing with emerging problems;
- ASIC finds the right solution for most problems;
- ASIC is open and accountable;
- efficiently administering the law with a minimum of procedural requirements; and
- ASIC communicates well with business.

A comparison with a similar list compiled from consumer responses (see Chapter 4) identifies 8 common issues and priorities, as follows:

- ASIC provides good value for the taxpayer dollar;
- ASIC understands the markets and the people it regulates;
- ASIC has high quality staff;
- ASIC is good at identifying and dealing with emerging problems;
- ASIC finds the right solution for most problems;

- ASIC is open and accountable;
- Fraud, dishonesty and misconduct are likely to be found and punished; and
- ASIC makes a real difference in producing the right behaviour through enforcement action.

Table 5.27

**TOP 20 SIGNIFICANT ISSUES FOR ASIC STAFF IN DETERMINING OVERALL PERCEPTION**

Question	Staff score	Common to business responses	Common to consumer responses
Doing what needs to be done to enforce the law	64	No	No
Helping investors and consumers participate in the financial system in an informed and confident way	67	Yes	No
Provides good value for the taxpayer dollar	69	Yes	Yes
Is consistent in its dealings with business	59	Yes	No
Focuses on the right issues	57	No	No
Understands the markets and the people it regulates	68	Yes	Yes
Is consistent and fair in the way it takes enforcement action	56	No	No
Improving the performance of the financial system and the entities within it	67	Yes	No
Has high quality staff	72	No	Yes
Contributing to the efficiency of the economy and reducing costs for business	57	Yes	No
Is good at identifying and dealing with emerging problems	53	Yes	Yes
Finds the right solution for most problems	58	Yes	Yes
Is open and accountable	66	Yes	Yes
Has a positive impact on businesses' behaviour	63	No	No
Efficiently administering the law with a minimum of procedural requirements	56	Yes	No
Has a positive impact on industry behaviour	63	No	No
Fraud, dishonesty and misconduct are likely to be found and punished	47	No	Yes
Makes a real difference in producing the right behaviour through enforcement action	56	No	Yes
Does enough to maintain confidence in the integrity of Australia's capital markets	60	No	No
Communicates well with business	60	Yes	No

Source: Allen Consulting Group

## Appendix A

# Methodology

### A.2 Development of survey instrument

ACG worked with ASIC to prepare survey instruments that would provide insights into the perceptions and expectations of a broad range of stakeholders.

A number of stakeholders were consulted during the survey development phase, which provided insights into the number and type of questions the survey should include, in addition to providing some preliminary views on external perceptions of ASIC performance.

More specifically, stakeholder input was provided through the following:

- a meeting between ACG and ASIC's Consumer Advisory Panel;
- two workshops (in Melbourne and Sydney) with selected industry stakeholders, facilitated by ACG;
- a pilot testing program for preliminary consumer and business survey instruments. ACG provided draft surveys to approximately 30 selected consumer and business contacts, who were then asked to provide feedback on the time take to complete the draft survey, ease of interpretation, use of terminology or excessive use of jargon, survey structure and the logical flow of questions, and any repetition or duplication.

Stakeholder input informed the development of the final survey instruments, which were activated on 25 January 2008 and open to responses until 22 February 2008.

#### *Statistical Clearing House approval*

It was also necessary to receive clearance from the Australian Bureau of Statistics Statistical Clearing House (SCH) prior to conducting the business survey, as the instrument would be sent directly to more than 50 businesses. The SCH reviews all such surveys, with a view to minimising the likely impact on business.<sup>5</sup>

Preliminary comments from the SCH indicated some concerns about the length of the survey and a perceived overuse of jargon. SCH also required confirmation of the number of business contacts to whom the survey would be sent. These comments were taken into account as the surveys were finalised.

### A.3 Mechanisms for collecting survey responses

Responses from 'business' stakeholders were collected through two mechanisms:

- direct approach, i.e. an emailed link to the survey instrument:
  - ASIC identified and emailed a link to the survey to 85 industry contacts;

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<sup>5</sup> SCH approval was not required for either the consumer or internal survey as they fall outside its area of responsibility.

- ASIC provided ACG with 600 randomly selected contacts across its business stakeholder base. ACG then emailed a link to the survey to each contact; and
- invitations to complete the business survey through a pop-up box that appeared at regular intervals to random visitors to ASIC’s website ([www.asic.gov.au](http://www.asic.gov.au)).

Responses from consumers, retail investors and their representatives — in addition to any other interested parties who responded to the invitation to complete the survey — were also collected through a web-based survey instrument. Interested parties were able to access the survey through a pop-up box that appeared at regular intervals to random visitors to ASIC’s consumer (FIDO) website ([www.fido.gov.au](http://www.fido.gov.au)). An invitation to complete the survey was also provided in the FIDO News newsletter.

A link to the ASIC staff survey was circulated within the organisation.

The total number and profile of responses to each survey instrument was monitored regularly during the four week period over which ACG conducted the survey, with appropriate steps taken to increase the number of responses. Specific measures to increase the number of responses were as follows:

- reminder emails from ASIC and ACG to the 685 initial industry contacts;
- increase in the rate at which the pop-up invitation to complete the survey would appear on the ASIC and FIDO websites;
- identification of any shortfall in responses from key stakeholder groups. In one instance, this prompted ACG to provide a link to the business survey to the relevant industry association; and
- inclusion of a link to the business survey in a special edition of the *ASIC News* electronic newsletter.