Association of Building Societies and Credit Unions

4 March 2010

Mr Michael Lim
Product Rationalisation Project
Corporations and Financial Services Division
The Treasury
By email: productrationalisation@treasury.gov.au

Dear Mr Lim

Product rationalisation of managed investment schemes and life insurance products

Abacus appreciates the opportunity to comment on the above paper.

Abacus – Australian Mutuals is the industry body for credit unions, mutual building societies and friendly societies. Collectively, Abacus member institutions have more than $70 billion in assets and serve more than 6 million members.

Our comments, which have been kept short, specifically relate to the rationalisation of products offered by friendly societies.

Friendly societies help Australians become financially independent and plan for life events through the provision of savings, investment and insurance products. These include education savings plans, superannuation products, health, risk and travel insurance and funeral plans.

Friendly societies that offer financial products are regulated by the Australian Prudential Regulation Authority (APRA) under the *Life Insurance Act 1995* as well as the Australian Securities and Investment Commission.

The proposals paper, on page 4, specifically excludes friendly society managed fund products from the scope of the current product rationalisation proposals, on the basis that friendly societies already have an existing method in place to rationalize such products. The paper goes on to say that along with superannuation, any issues with the process can be considered in a second stage of consultation.

Abacus supports this position. The existing process adopted by friendly societies is working well in its current framework. This is not to say that it is without its strategic limitations and we would therefore welcome the opportunity to examine product rationalisation issues for our sector at a later date.

Yours sincerely

Mark Degotardi
Head of Public Affairs

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