

Response received from JLT Group Services Pty Ltd - (DMF service provider - response received on 30 Sept 2016)

Good afternoon,

I apologise for the delay in responding to your e-mail of 2 September 2016 requesting feedback on APRA's proposal to cease data collection on DMFs.

As a major provider of data to APRA, JLT Group Services Pty Ltd (JGS) welcomes the opportunity to input into the decision making process. We currently supply data on 68 separate DMF arrangements covering a diverse number of risks and client bases and have been working closely with APRA from the development and formation phase of this exercise through to the regular reporting as is current.

We have been a market leading participant in the DMF industry since 1986 and have pro-actively pursued the input and opinions of regulatory bodies and statutory authorities over that time. We have witnessed activities outside of our organisation by bodies attempting to emulate our offering that have not had the same rigorous application of protections in place to ensure that the end user is sufficiently protected. Over the period leading up to and following the application of the data gathering process, there appears to be less suspect programmes in the market and a greater thoroughness on compliance with product offerings.

Undoubtedly, there is an operational cost to businesses undertaking these arrangements and APRA overseeing them. We are acutely aware of this, as the cost to us is greater than any of the other providers. Our view is that the cost associated with running this exercise is outweighed by the concentration on detail that providers need to apply to product offerings as a result and the greater structure to this industry that the process provides.

As we see it, there are 3 options:

- Remove the data collection without having another alternative monitoring process in place. We believe that this may open up the market to less stringent providers and have the possibility of tarnishing the reputation of those of us that have long-term experience and have operated without issue.
- Continue as is. The process has had a positive impact on the industry, however, there are cost implications with limited use of the data being collected.
- Remove the current data collection process and replace with a more generalised reporting process for providers.

The final point above may be an alternative option not currently considered. We would be happy to participate in some form of generalised annual reporting of activities undertaken as a provider of multiple arrangements. This could take the form of a less formal process but still have the impact of keeping providers following a sound path in their product offerings.

Should you have any questions or require any further clarification on the above, please do not hesitate to contact me at this office.

JLT Group Services | Jardine Lloyd Thompson Pty Ltd