



**BUSINESS COUNCIL**  
OF CO-OPERATIVES AND MUTUALS

Inquiry into Financial Technology and Regulatory  
Technology

Submission to the Senate Select Committee on Financial  
Technology and Regulatory Technology

The Business Council of Co-operatives and Mutuals (BCCM) is pleased to make this submission to the Senate Select Committee on Financial Technology and Regulatory Technology.

Co-operative and mutual enterprises (CMEs) are businesses owned by their customers, employees, a group of like-minded producers, a like-minded community or a combination of these. The purpose of a CME is to provide economic, social and cultural benefits to members and the community.

In Australia there are more than 2,000 co-operatives and mutuals with combined memberships of 31 million. The top 100 CMEs have a turnover of more than \$31 billion (National Mutual Economy Report 2019). Co-operatives and mutuals operate in all sectors of the economy including agriculture, banking, insurance, superannuation, health, housing, mobility services, retail and wholesale.

CMEs provide competition between business models and enhance choice for consumers. Customer-owned enterprises like mutual banks and credit unions drive price and quality competition for the benefit of consumers, whether they are members or non-members.<sup>1</sup> As a result of the existence of different business models in the market, there is permanent competitive pressure placed on profit-maximising firms operating in that market.

The BCCM supports new technological developments, such as FinTech and RegTech, that can enhance competition and consumer choice, including by making it easier for consumers to switch to better value providers.

The Issues Paper correctly notes the importance of access to capital for businesses engaging in innovation. We commend the Government for its support of reforms to provide CMEs with greater flexibility in accessing capital for innovation and growth in the *Treasury Laws Amendment (Mutual Reforms) Act 2019*. CMEs are now better placed to make the most of development in FinTech and RegTech to benefit their members, the community and markets.

The Issues Paper also highlights regulation as important for FinTech and RegTech. The BCCM agrees, and stresses that the potential of FinTech and RegTech will be realised through a robust regulatory regime that protects consumers, appropriately considers different types and sizes of business and consumer, and maintains trust, accountability and transparency.

Alongside the regulations noted in the Issues Paper, we suggest that government business registries are also important infrastructure. The Commonwealth Modernising Business Registers programme is an important initiative in this respect that could, among other things, support innovation in RegTech. The BCCM has previously recommended the amendment of the Commonwealth Modernising Business Registers Bill to ensure that state-registered co-operatives may be included in the programme. We have attached this submission for the Committee's information.

We would be happy to provide further information to the Committee on any points raised in this submission.

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<sup>1</sup> For example, mutual banks and credit unions dominated Mozo's 2019 Expert's Choice Awards for home loans. The Home Lender of the Year was mutual Greater Bank. <https://mozo.com.au/expertschoice/home-loans>