

FINANCIAL SERVICES

OUR CAPABILITIES

We advise clients in the financial services industry on matters relating to:

- Financial misconduct
- Competition & antitrust
- Financial regulation

Our clients include banks, insurance providers and regulators — such as the Australian Securities and Investments Commission (ASIC), the UK's Financial Conduct Authority and the Australian Consumer and Competition Commission (ACCC).

Our experts have supported clients through major inquiries into the financial services industry in Australia and the UK. Examples include:

- Reserve Bank of Australia (RBA) and ACCC study into credit and debit card interchange fees (2000)
- UK Independent Commission on Banking (2010-11)
- UK Parliamentary Commission on Banking Standards (2012-13)
- UK Competition and Markets Authority investigation into retail banking (2014-16)

We have been retained by all major legal firms in Australia to act on behalf of clients in commercial litigation and competition matters. Our experts have provided evidence and testimony in numerous Court and Tribunal proceedings in Australia — including on cases involving the financial services industry.

ISSUES WE ADVISE ON

Financial misconduct

- Misleading or deceptive marketing of complex financial products and financial advisory services
- Excessive charging in relation to retail banking services, including credit card interest and current account overdrafts
- Excessive charging in relation to foreign currency conversion services
- Standard setting to make senior executives within financial institutions personally responsible for organisation conduct

Competition & antitrust

- Merger clearances in the banking and insurance industries
- Development of mechanisms to enhance customer switching
- Alleged rate rigging and price fixing between major banks in Australia, the UK and Europe

Financial regulation

- Payday lending price-caps
- Credit and debit card interchange fees
- ATM interchange fees
- Regulation of over-the-counter derivatives
- Structural separation of universal banks

KEY SELECTED PROJECTS

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Financial misconduct</p>	<ul style="list-style-type: none"> ● ASIC. ASIC commenced proceedings against a private wealth adviser who had developed and implemented a stock options trading strategy for a number of private clients. We were engaged to prepare an expert report that explained the risks of the options strategy and derived a probability distribution for the net payoffs from the strategy as implemented over a three-year period (2017). ● Association of British Insurers (ABI). We were engaged by the ABI to provide a comprehensive audit of the value-for-money and performance of every superannuation scheme in the UK. The schemes we identified as poor performers were required to report publicly on outcomes for customers (2015). ● Lloyds Banking Group (LBG). We advised LBG through the UK’s Parliamentary Commission on Banking Standards which examined, amongst other things, ways of raising standards to make senior bank executives responsible for the conduct of their companies and reforming bank governance (2012-13).
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Competition & antitrust</p>	<ul style="list-style-type: none"> ● ASIC. ASIC prosecuted Westpac, ANZ and NAB over their alleged manipulation of the Bank Bill Swap Rate. We were retained by lawyers for ASIC to advise on matters concerned with the litigation. Although ANZ and NAB have settled with ASIC, the trial of Westpac is continuing (2017). ● LBG. The UK’s Independent Commission on Banking (ICB) was set up following the 2008 financial crisis with the aim of creating a more stable and competitive banking system. The ICB’s interim report recommend that LBG, the largest retail bank in the UK, divest several branches to reduce its market power. We developed for LBG a remedy to address the root cause of the ICB’s competition concerns—poor customer switching. The ICB’s final report accepted our proposals and dropped the requirement for LBG to divest branches. ● Various clients. We are frequently retained to advise companies applying to the ACCC for clearance of mergers. These mergers have included some of the most prominent in the Australian financial sector, such as AMP-AXA, Westpac-St George and IAG-Wesfarmers’ Insurance.
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Financial regulation</p>	<ul style="list-style-type: none"> ● Various clients. Beginning with the Joint Study by the RBA and ACCC of access and interchange in credit and debit cards in 2000, we have been retained by the banks, VISA, MasterCard or merchants in the debates in Australia and New Zealand over the regulation of credit and debit cards. Our work has involved our making submissions to the RBA and being retained as experts for proceedings before Courts and Tribunals in Australia and New Zealand. ● UK Financial Conduct Authority. We advised the FCA on the payday lending market and the level of price-caps that should apply to these unsecured lending services. A recent evaluation of the price cap after 2 years found that customer harm had been reduced and that there was limited evidence of unintended consequences (2015). ● LINK Scheme Ltd. We were retained to review the sustainability of the level of ATM interchange fees, given the decline in cash usage in the UK, and to advise on methodologies for assessing the cost of operating the UK’s ATM network (2016-17).

OUR EXPERTS

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Philip Williams leads the Legal and Competition Team at Frontier Economics (Asia-Pacific). His key area of expertise is the relationship between economics and the law, and he provides economic advice to clients in the areas of trade practices, valuing damages, intellectual property and contractual disputes. Philip has advised on a wide range of matters related to competition and misconduct within the financial services industry, including: mergers between major Australian banks and insurance companies; alleged manipulation of the Bank Bill Swap Rate by several major Australian banks; the regulation of interchange fees for credit and debit cards; and currency conversion services offered by foreign currency dealers and merchants on overseas purchases. Philip has advised the Australian Competition & Consumer Commission (ACCC), the National Competition Council and the New Zealand Commerce Commission – as well as all the leading law firms in Australia and New Zealand. Prior to joining Frontier, he was Professor of Law and Economics at the University of Melbourne. Philip holds a PhD in Economics from the London School of Economics.

Professor Stephen Gray

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Stephen Gray is Professor of Finance at the University of Queensland Business School and Chairman of Frontier Economics (Asia-Pacific). At UQ Business School, Stephen teaches courses in financial management, asset valuation, and corporate finance. Stephen has also appeared as an independent expert in Court and Tribunal proceedings on matters relating to financial misconduct, the valuation of assets and businesses and the quantification of detriment and damages. He has provided expert evidence on the pricing and structuring of complex financial products, the performance of share trading systems marketed to potential investors, stock option trading strategies developed and marketed by private wealth advisers. Stephen's clients have included the Australian Competition and Consumer Commission (ACCC), Australian Securities and Investments Commission (ASIC), Queensland Treasury Corporation and many of the leading law firms in Australia acting for litigating parties. Stephen has Honours degrees in Commerce and Law from The University of Queensland and a PhD in Financial Economics from Stanford University.

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Dinesh advises clients on matters related to competition, regulation and financial economics. Prior to joining Frontier Economics (Asia-Pacific) in 2013, he worked for four years in Frontier Economics' London office. He advised Lloyds Banking Group through the UK's 2010-11 Independent Commission on Banking, the European Commission on the regulation of over-the-counter derivatives, Barclays on the regulation of universal banks following the 2009 Global Financial Crisis, and the UK's Payments Council on the decision to close the cheque clearing system (including the impact on vulnerable cheque users). Dinesh has also advised major banks on customer switching, bundling of financial products and the regulation of payday lending in Australia. Between 2010 and 2012, Dinesh lectured an MSc course in financial economics for regulated industries at the Imperial College Business School, London. Before joining Frontier Economics, Dinesh worked as a Senior Economist at the New Zealand Commerce Commission.

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Paul advises clients in the UK's retail and financial services sectors. His clients include Lloyds Banking Group, HSBC, Tesco Bank and the Payments Council. Paul has advised on all the main regulatory challenges facing firms in the financial services sector since 2008. He advised Lloyds Banking Group through the 2010-11 Independent Commission on Banking inquiry, the Competition Commission's inquiry into personal current account services, the Office of Fair Trading's inquiry into Individual Savings Account, and the Financial Conduct Authority's investigations into savings account services and high-cost credit. He led an industry-wide audit of legacy pension schemes in the UK and has advised the Payments Council on infrastructure competition. Prior to joining Frontier, Paul worked at the Competition Commission on the Payment Protection Insurance (PPI) market investigation.

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Antti advises banks, insurance companies, and financial services regulators on competition policy, financial services regulation and business strategy. Recently, many of Antti's engagements have involved assessing the impact of Open Banking on banking markets. He has advised clients throughout the UK's Financial Conduct Authority's (FCA's) market studies into asset management, mortgages, credit cards, and cash savings. He also led Frontier Economics' work advising the FCA's competition team in relation to setting the price cap for high cost short term credit and has advised clients on all of the financial services related inquiries this decade by the UK's Competition and Markets Authority (previously, Competition Commission) and Office of Fair Trading. Antti has managed most of Frontier Economics' engagements with Lloyds Banking Group and has worked extensively with most retail product teams, Retail competition and regulatory strategy team, Group risk, Digital and Retail risk.

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Simon is Director of Frontier Economics (Europe). His work integrates the economics of industry with financial and statistical techniques, to assist clients with both competitive and corporate strategy. Simon has been involved in almost every regulatory or policy issue within retail financial services over the past 20 years. Simon also brings a unique capability to advise clients on the links between regulatory and policy engagement, and commercial strategy. Simon leads many of our cases relating to competition policy or dispute support. He is experienced at providing expert testimony to courts and arbitration proceedings, and in supporting clients through all aspects of a case. His recent clients include Lloyds Banking Group, HSBC, Tesco, HMRC, Channel 4, and easyJet.