



YS UP GOVERNANCE AND BOARDS PODCAST

Episode 16 – Superannuation Industry governance, risk and compliance with Simone Thompson

Transcript

Intro:

Welcome to YS Up Governance and Boards podcast brought to you by 3YS Owls Governance Consultants. Covering hot topics in governance, risk, latest regulatory changes and issues keeping directors and executives awake at night. Here are your hosts Ainslie Cunningham and Deb Anderson.

Deb Anderson:

Welcome to today's episode of YS UP. Today we're joined by Simone Thompson. Hi Simone?

Simone Thompson:

Hi.

Deb Anderson:

Simone is the Managing Director of ST Consult Pty Ltd, a boutique consultancy specialising in providing tailored and pragmatic advice and services to financial services entities. Her areas of expertise are governance, compliance and risk management, product and operational strategy, and group life insurance. Prior to launching ST Consult, Simone spent two years on the role of risk and compliance manager for Australian Ethical Investment, and 10 years as a consultant and director of PFS Consulting. Simone is also a non-executive director of Together Trustees, a superannuation trustee holding an extended public offer RSE license, which currently manages \$26 billion on behalf of over 150,000 members of Catholic Super and Equip Super. Welcome.

Simone Thompson:

Thank you.

Deb Anderson:

Welcome, Simone.

Ainslie Cunningham:

So, tell us a little bit about your background Simone.

Simone Thompson:

Well, I came straight out of university not really knowing very much about the superannuation industry. I did a law degree but decided about halfway through that I didn't want to be a lawyer. I had a family friend who was running PFS Consulting at the time and I just rang him up and said, "I've just moved to

Sydney, do you have any EA work whilst I get settled?" He gave me three days of work, turned into 10 years of work in the beginning of a career. So, it certainly wasn't planned, but that's how I ended up in this space. So yeah, I spent 10 years at PFS Consulting to trustees of super funds and setting up governance and compliance and risk management frameworks. That was a great experience, but after 10 years I needed a bit of in-house experience as well.

Simone Thompson:

So, one of my clients at the time was Australian Ethical Investment. They opened up an opportunity for a full-time role within the business, which I accepted. And I spent two years there running risk and compliance across their Superfund and their seven managed funds. Which again was a fantastic experience because you learn a lot more about what it looks like within a trustee office on a day-to-day basis. So, after two years there, we decided to have a bit of a career break, my husband and I, and we spent just over two years on the road, traveling around Australia in a caravan, doing reverse nomads. We both just needed a bit of a break to figure out what was next. So we decided to have some fun along the way.

Simone Thompson:

Whilst we were on the road, people kept contacting me about small little projects and that's where ST Consult was really born, out of a need to do this kind of consulting, risk and compliance work. And I realised that what I really like doing is working with a number of different clients at the same time, and running your own consultancy gives you the opportunity to do that as well. So started ST Consult on the road, and then we really just got too busy to be trying to juggle it in a caravan setting. So then, yep, settled into a full-time role. And yeah, I think that started about two years ago, so I've been going for about two years. Now I have a full-time person working with me as well, and just really enjoying what we're doing.

Deb Anderson:

So, what were some of the challenges that you had setting up ST Consult? If you had any?

Simone Thompson:

I think the challenge is that you're a Jack of all trades. So the things that you're used to having in a business environment, like having someone to help with IT and someone to help with marketing, you don't have anything of that, you are anything and everything, from invoicing to marketing, to trying to figure out how to set up your computer and email. So I think there've been challenges along the way, and like with any small business, you're very hesitant to say no to work, so you're often running the gauntlet of having a lot on your plate all the time. And then I think the additional extra of working from home full time, you've really got to make an effort to have a difference between your house life and your work life when it's all meshed into one. So, yeah.

Ainslie Cunningham:

Yes. We're hearing you with that, chief bottlewasher and phone answerer and, yep. So, tell us a little bit about the sorts of things that you learned from going from say, PF Consult to Australian Ethical. What were the sort of things that you found were really a main difference?

Simone Thompson:

I discovered a lot more empathy for people that work within trustee offices of superannuation funds. So when I was a consultant, you'd do a piece of work and you put a whole lot of recommendations into the client, and then it might be six months later and nothing's been done about those recommendations. And as a consultant, you're like, "Oh, come on guys, this is pretty serious, you need to get going." But when you work inside a trustee office, everyone's wearing five different hats. They're

all doing as much as they can, but your recommendations are only one set of recommendations from one consultant, and they might have five or six different consultants and they're doing different things at the same time.

Simone Thompson:

So, I think I've developed a lot more patience about what it takes for people to actually deal with the information that you're giving them as well, and finding better ways of making that work in an environment where people are just trying to run a business day-by-day too. I think at PFS I didn't have that understanding, and working in Australian Ethical really did give me that better understanding, which I've then been able to take at ST Consult and probably become a much better consultant for that understanding.

Ainslie Cunningham:

Yeah. There is a bit of a change towards that sort of in-house, outsourced service at the moment. Isn't it? It's almost even, you don't really take on an in-house role, but you do help with that implementation and embedding and the overflow of resource.

Simone Thompson:

Yeah. And certainly, that's exactly really what I do now, is that I work with a lot of entities that aren't really big enough to have a full-time compliance person on the books. So, I fill that role, but for a lot of my clients, I feel like a member of the team. And I work with all people across the business and I really enjoy working in that small to medium sized space where you get that contact with everyone, from the CEO to the member advocate team to everyone. And you lose that as soon as you move up into that, I don't know, even 50 plus employees.

Deb Anderson:

And financial services, it's just so highly regulated, isn't it? And with Royal Commission on top of that, have you found that that's given you more opportunity for consulting because of those changes?

Simone Thompson:

It's an interesting space. Because of my board role with an industry fund, I have to be very careful about perceived and actual conflicts of interests. So, I tend not to work directly with what you would understand to be normal trustees or superannuation funds. I work with fund promoters who are still governed by the legislation, but not in the same way that a standard trustee of a super fund is. And so my job's almost a little bit harder with the Royal Commission of figuring out what these guys should do as a better practice versus what they have to do as fund promoters, versus what the differences are if you were a standard trustee operating in the space as well.

Ainslie Cunningham:

And Simone, have you noticed, I guess over the last 10, 15 years, that sort of dynamic shift in super funds as a whole, they're really, I guess, wearing a different hat nowadays to what they were in the past?

Simone Thompson:

It's incredibly more professional than it was, even in my short career of 15 years or so, the professionalism of the trustee offices, the number of staff that are in there, the engagement with service providers, all of that is a huge difference to where it was 15 years ago. The board and the education of boards and the willingness of boards to get involved with the product and the services, all of that has enhanced so much. I mean, obviously we've seen a considerable shrinking of the market

compared to the number of super funds there were as to now, and I think in 10 years time there'll be a lot less super funds there, and I think that's just led to a more professional setup as well.

Ainslie Cunningham:

Do you think that's as a result of additional red tape and more regulatory hoops to jump through, or what do you think the reasoning behind that would be?

Simone Thompson:

It's a bit of everything. I think it's a matter of scale, a lot these days as well, like administration services, insurance, everything like that, is very expensive. And if you're not running a fund with a number of members and a significant amount of funds under management, it's hard to get good services at a good price when the government is constantly pushing a message out to the public that you shouldn't be paying very much for your superannuation. There's a requirement on trustees of super funds to try and find good value and pass on lower fees and lower cost to members, but things still need to be paid for. And so, unless you are a larger fund, you can often struggle at that level.

Simone Thompson:

Having said that, I'm a massive advocate for niche funds, and I'm probably not such an advocate for funds for everyone where you're simply just a number. I do think there's a role for smaller funds in the industry as long as they're run well, and that they can prove they have a business plan, so that there'll be a worthwhile fund and will continue to grow.

Deb Anderson:

So, with the ability for people to access superannuation, the \$10,000 out of the pandemic, for those that meet the criteria, what sort of impact do you think that's going to have long term?

Simone Thompson:

I think it's going to have a huge impact. I want to be very careful that I'm not anti-people that access their money because this is an incredibly unusual time. One of those black swan events that I never thought I would see in my lifetime. And I understand that there have been people that have been significantly impacted by that. And so having access to effectively \$20,000 over six months period of time can be the difference between staying in your house or not for some people. But what people don't understand is that money wasn't there just for a rainy day, that's to your retirement when you're no longer earning a wage. You take that money now, that's money you don't have later on. And so, there's a real trade off.

Simone Thompson:

And I think some of that messaging got lost in the government's willingness to just say, well, this is the fix for all of you, you can access your money, just access it, it's an easy fix. It's not an easy fix. And I'm not sure that individual people in Australia should be responsible for carrying the burden of fixing short term problems. And I also don't think the government has really thought about what this means in the longer term, in terms of, we're already at a point in time where the age pension is not sufficient to live on for most people. How is that impacted in 20, 30 years' time where then you've got people retiring who have 20,000 less in their account than perhaps, they would have had otherwise.

Ainslie Cunningham:

Yeah. They've sort of dialled the clock back a bit in that regard, haven't they? Because they've just come off the back of years' worth of work, decade's worth of work, to grow super, help with an aging population, a lot of the baby boomers and things like that, that don't have maybe large retirement funds and things like that. Maybe they've set the clock back a bit.

Simone Thompson:

Yeah, I think so. I think the government has a real responsibility now to do things to help people, to boost their super back up again. So, things like getting to the 12% SG contributions far sooner than is planned to, to make it easier for people to make voluntary contributions into their accounts. So maybe that is an additional tax break or something like that. Education pieces as well. The other piece that came out of people accessing their super early is that for those who have lower balances, who may have had insurance on their account, if they withdrew all of their money out of their account to get access early, they've also lost insurance. And again, that's a massive issue for some people down the track who might not have realised that getting this money now had a larger impact on whether they're insured down the track as well.

Simone Thompson:

And there are things that super funds tried really hard to communicate to members, but they had really short timeframes in which to do it. People just wanted access to their money, we'll deal with the consequences later. And I get the fear, I think that impacted the first round of withdrawals where people were just like, we need to get our money, what happens if the banks or the super funds collapse? I think this time around it's a little bit more measured, but I do worry about the lack of education about what some of the longer-term implications are.

Deb Anderson:

I think if they don't have cash balances sitting there, you're selling down shares and not an ideal market either.

Simone Thompson:

Yeah, that's exactly right. There's been a huge impact on the super funds themselves in terms of having to come up with a lot of extra money in a short period of time and selling in not such a good market as well. And that again then has implications as well, because for super funds, a lot of their contracts and things like that are built on the amount of funds under management, you lose a heap of money out of your super fund, there's much more implications.

Ainslie Cunningham:

So has there been any sort of reporting or statistics yet about what those FUM impacts have been yet for some of those funds?

Simone Thompson:

There's lots of reporting out there. APRA is running a weekly reporting about how much money is being taken out of the system. All the super funds themselves will have reports about what that's doing to their actual funds under management levels. It's interesting that Jane Hume, who's a Senator in this spaces, has really come out and said, funds need to stop whingeing about how much money they're losing, which I think is just a really uninformed, unhelpful comment. In that case it impacts on everything as well. So, what we do know is that there's been something like \$9.6 billion, I think it is. Yeah, 9.1 billion has been taken out of the industry in early release payments. And that's only early release because of COVID, that's not early release on normal financial hardship grounds or compassionate grounds or anything like that. That's just one big hit in six months and we've still got until the end of September for people to access.

Ainslie Cunningham:

Yeah. So, I think, I guess the long-term effects are yet to be felt for the super industry as a whole.

Simone Thompson:

Yeah. And we won't really know for, say really the next 20 years or so where those who probably took out the most now are nearing more their retirement age. So if you're 20 years old right now and you take out 10 grand, it's not going to impact you that much because providing the world goes back to some kind of normality, you should be able to earn a reasonable amount, but if you're 40, 50 and you've taken out 20 grand now, odds on you're probably not likely to put 20 grand back in again. And that's going to make a huge difference.

Deb Anderson:

Yeah, unless the government gives some tax concessions to encourage people to do it.

Simone Thompson:

Yeah. And then you've got the added problem too of women as well, who if they're already out of the workforce for a period of time, because they're the primary carer for children as well, they're already impacted by that and having much lower superannuation levels than their male counterparts, this is just another kind of nail in the coffin for women in that space as well.

Ainslie Cunningham:

And I guess even the wage disparity as well over time, even when they are in the workforce is another contributing factor to that.

Simone Thompson:

Yeah, definitely. Yeah.

Ainslie Cunningham:

So, in terms of, I guess even going back maybe 10 years ago, the government used to offer a lot more co-contribution incentives and things like that, they might really have to consider some of those options again.

Simone Thompson:

Yeah. There is still a co-contribution option out there as well, but it's only really for lower income earners. I think there is an argument to say that those who earn a little bit more money as well should be incentivised to put more into superannuation. Look, it's not an enviable position being a policymaker in this space, and I certainly wouldn't want to say that I could do it better or worse than anyone that's currently doing it, but I think that there needs to be quite a bit of liaison with industry in the next couple of years to figure out the best way forward.

Ainslie Cunningham:

Do you think that'll result in a bit of a compression to the trustee business model as well, having to bring a lower price point to administrative services and things like that?

Simone Thompson:

Definitely. I mean, we've already seen that in the last couple of weeks as well with a couple of larger funds announcing that there are heads of agreement to start working together, to bring themselves together as well. And I think that the board that I sit on together was the first kind of one that did a joint venture of two funds coming together saying, if we pool our resources and we pool our membership base, then we can make a better argument in the market to get a better deal for services and things. And now we've seen a few others who are also looking at similar style set ups too. I think the other thing is that trustees are becoming much more professional too. So when you are looking for directors

you're really looking at professional directors in that space too, and that's a smaller pool than perhaps it was previously where there would be a lot more member representative directors and then directors who come out of certain industries and things like that. Whereas most boards are now moving towards at least one-third independent, if not, almost wholly independent boards as well.

Ainslie Cunningham:

And with the Royal Commission, there was a bit of a separation between product and advice. And a lot of the banks, I guess either took away one arm or the other because of perceived conflicts of interests, etc, or disclosure of remuneration models. With that, and I guess the super funds still tend to offer some sort of financial advice in that space, and they went down the path of offering more of that type of advice to their members. With financial advice being cost prohibitive to a lot of people in the first place, do you think there'll be maybe an increase in that thing from the super funds trying to, I guess, educate their members on financial advice?

Simone Thompson:

Advice is such a tricky area. People need advice. It's funny when you work in the industry full time, it all will come so naturally to you, but you don't have to step very far away for people to ask really simple questions like, what's a financial services guide? Or, why do I need to read a PDS? What is a PDS? Things like that, it's just the level of disengagement with your own wealth is really high. And advice is a way of generating that engagement that you need to understand your own financial wellbeing going forward. But evidence as shown in the Royal Commission really brought to light that there's a lot of people that have manipulated that space as well. And so, there's a lot of hesitancy from everyday public to pay for something where they think that there's a kickback, or am I really getting the right advice?

Simone Thompson:

So, it's a difficult area because I'd like to encourage people to get advice that's personal about their own personal objectives and needs. But finding the right people to provide that advice with the right incentives and doing it really for the client and not for themselves is difficult. Super funds that are offering full comprehensive advice are constantly running that gauntlet between trying to offer a service and a product that's worthwhile to their membership and just all of the rules and regulations that they have to meet. And it costs money to produce statements of advice. It costs money to do all of the background time and effort in doing the client discoveries and things like that.

Simone Thompson:

So, it's not going to be a free service. And that's where I think the Royal Commission did a little bit of a disservice by painting it as being a really expensive service, and there's no way that members should be paying for this. Well, you pay for what you get, and I think people need to understand that they will need to pay for the service to be worthwhile. Otherwise, you will see like the banks have, and some of the super funds have, a walk away from the advice business because the risks are probably too great.

Deb Anderson:

It's just one of those industry things, isn't it? The advice model has always been that the commission comes out of the product, and then we've now gone to a full fee for service model, I think, it's about the confidence of the advisors and the services that they're providing to be able to charge the fees that they need to give good advice.

Simone Thompson:

Yeah. That's exactly right.

Deb Anderson:

And we don't want to say, 130-page long SoA's as the clients can't understand.

Simone Thompson:

Yeah, that's exactly right. But if we had a world where we started in high school with educating people about wealth management as well, so that you didn't leave high school and just start your first job and get introduced to this thing called super that you don't really understand. And then you go for a loan to buy your first car and you don't really understand the difference between getting a loan through a bank or getting a loan through a car dealership, and all these little things it's practical wealth management that if that was taught at schools, people would come out with that knowledge with a starting point.

Ainslie Cunningham:

It's like, I think the banker, they're called, coming into the schools and trying to do that early financial education piece. That's really fundamental, isn't it?

Simone Thompson:

Yeah. I mean, I did commerce at school where it taught me how to read a balance sheet. Realistically, for the majority of people that's not going to be something that is of any use at all, but actually understanding what credit is, what loans are, what superannuation is, all of that type of thing would be knowledge that would help people along the way.

Ainslie Cunningham:

At least you got to learn what a balance sheet was. I think when I learned commerce at school, they used to make you bring in all your toiletries and read the back of them to work out what a monopoly was, and you just have to find Unilever on the back of your toiletries. So it's come a long way. So with the financial advice piece, what do you think in terms of like the emerging robo advice type things, or the, I think it's Raiz type micro investment models and things like that as a more of an affordable option to some people?

Simone Thompson:

Look, I don't have any problems with that kind of rounding up idea as well. Especially in a world now where we don't really use actual money very often. So, it's not like in the old days where you'd go home and you'd chuck all your coins in a piggy bank and then you'd take that to the bank. Now, the rounding up idea is a good idea, I think from that perspective. In terms of robo advice, I think it is the way forward, but I haven't really seen a product that really impresses me that much. And I think that's the same for a lot of people in the superannuation space is that, it'll often come up in a three to five-year business plan, let's investigate robo advice. And so a group of consultants will be hired to provide an overview of the market and they get the report and it's like, well, there's kind of all these half products out there, but no one's really nailed it yet. And I think that's why it hasn't really taken off that much because no one's really got there yet.

Deb Anderson:

So, what's your experience in dealing with the regulators in this space and your top tips on how to have a good working relationship with those regulators?

Simone Thompson:

The primary thing is, just remember regulators are just normal people doing their job. I've always just tried to have a really upfront relationship with regulators. Incidents and breaches will happen in any industry at any point in time, just the nature of human error means that that will happen. So, there's no

use being scared about talking to a regulator about an issue that you're experiencing. You just need to be upfront about it and come to them with a plan about how it's being fixed. I feel like if you're engaging with regulators regularly, and that you have a good working relationship with those that are close to you, when you do have issues and concerns, it's much easier to raise them in that kind of environment. If you foster an environment within your company where regulators are seen as the people that you want to hide everything from for fear of getting into trouble, that's just going to cause you more problems if you end up with issues that you need to discuss as well.

Deb Anderson:

We had the Royal Commission really because of that. Yeah, systemic cultural relationship, isn't it? You just build the trust.

Simone Thompson:

That's exactly right. It's the same with auditors, with anyone in that space who is asking you questions about your business, if you are uncomfortable about answering those questions or frustrated at answering those questions, then perhaps have a think about, is that an outcome of your own governance model or your own compliance model? Because if you are comfortable with the way that you are operating things, then you should be able to answer what's being asked of you.

Ainslie Cunningham:

So what would your, I guess, top three tips be to people who are in this space that may not have the right governance models in place at present or maybe the right working relationships in place at present, what would your top tips be to them where they can't afford a full time resource?

Simone Thompson:

I'd certainly investigate all the options that are out there now for assistance in specific areas. So for example, if you are looking to develop a risk management plan and a structure, then look for a consultancy that's got real specialist skills in that area, the same with governance, the same with compliance. There are so many people like the ST Consults of this world and probably the 3YS Owls as well that are doing this kind of work. And you can find the right people to help you in your business really easily. But perhaps before you do that, you need to get a really clear idea about what it is that you want to achieve.

Simone Thompson:

It's no use engaging consultants to come into the business if you don't really know what you're trying to do as well. And it's okay if you need to talk that through with consultants, but you need to have a bit of an idea about what you're trying to achieve first of all. And then reach out, reach out to the networks. There's so many people out there, there are so many good people that have recently come out of the big four that are now running their own consultancies, doing great work in a whole heap of spaces across the whole of financial services.

Deb Anderson:

And have you found there is a bit more risk consulting work?

Simone Thompson:

Well, there probably is, but I don't know of it. Look, I will do risk reviews and I will build risk management frameworks, but it's not something I particularly like doing. So, I tend to hand ball those on to other people that I know that really do like that work. But it is great to see that a lot people are really engaged with understanding the importance of discovering what your risks are within the business and articulating them and then finding controls around them as well. And realising that it's not just the job

for that one little compliance manager sitting over in the corner to run risk and compliance that everyone in the business has to be aware of risk and compliance and what it means for them. So, I like that the industry is really moving in that way. Yeah, I just try not to get too involved in it.

Ainslie Cunningham:

So has there been any times, I guess in your corporate career, whether it be in-house or external, that you've seen things that you've kind of looked back on and gone, oh, I really wish I had done that differently, or with the benefit of hindsight there is something that whether it be yourself or someone else that you've seen that you've gone, actually you could have done that a better way?

Simone Thompson:

I think it's all just a learning experience. Being a young, when I started in financial services, a young female presenting to boardrooms full of males in their 50s plus, it's a quite a daunting space to be. I mean, I love presenting and talking, so I always saw it as a challenge, but I look back on my time then and I think that perhaps I needed to have a little bit more sympathy for the fact that sitting around a board room are people that may not do this for a full time job. They're sitting on a board and they're doing the very best that they can, but they might have a career that's completely different to this board position. And so, you can't speak in acronyms, you can't speak in assumptions, you need to really break it down. And I think as a younger consultant, that wasn't something that I was so good at. I was a little bit more interested in impressing an older room, full of older blokes, rather than actually kind of helping them more. And I think that's what I really try and do now at ST Consult, I say, nothing is beyond you. We can work this out together. You don't need to be an expert in this field, that's why you've got me. So, let's just get to a better place for everyone.

Ainslie Cunningham:

Yeah. And I think too you always try and juggle the sensitivities in the room and not tell them how to suck eggs essentially, really. They're all well experienced, well knowledgeable, a lot of them have a lot of impressive backgrounds.

Simone Thompson:

It's almost getting them to understand that, a lot of them are dealing with risk and compliance in their own business, but they would just never call it risk or compliance. It's just like, well, this is operations, this is just what I do on a day to day basis. I'm thinking well, think about how you think about the risks to your own business or in the role that you're performing on a day to day basis, and what do you do to mitigate that? That's exactly what we're doing here in the super fund. What are the risks and how are we mitigating them? So yeah, I think I've just got a lot better at explaining and bringing people along the journey as well.

Deb Anderson:

So, with the boards you just sit on and the boards you do work with, have you seen change in diversity on those boards in terms of age and-

Simone Thompson:

In terms of women, yes. In terms of age and race, no. No. I mean, the superannuation industry is a predominantly boards of white, mostly males with a bit of scattering of females now, but we don't have diversity in terms of representative of what a lot of the membership is like. I think there is a real value add for having a couple of younger people on boards, particularly around areas, and this is a bit of an assumption, but to an extent it's true around technology, spaces like that. You get people in their 30s that have just grown up in this space, it's all second nature to them and I think there's a lot to add there. There are so many good people working inside the superannuation industry, but unfortunately like any

industry we only ever hear from those at the top, and it's the same kind of people that are brought out every single time. And I think that really misses the point of how many people are doing innovative, great things in the space as well.

Ainslie Cunningham:

Yeah, absolutely. I think there's quite a few of those key people of influence out there. You look at barefoot investor or people like that, just trying to break the mold and do something different and bring a more educational lens to financial services as a whole.

Simone Thompson:

Yeah, I think so. And I think that seeing a lot of the newer funds come into the market too and kind of challenge that mentality of how superannuation is run, because they're not default fund, they're not just getting members through a default perspective, they're actually having to go and search for members. So, it's more about social media campaigns and making it easy for members to fill out forms online and things like that. It's really brought the whole industry up another notch as well. So, any more innovators in that space is just going to be a good thing.

Ainslie Cunningham:

So, would you say they're more like the niche funds Simone?

Simone Thompson:

Look, I came to work in that space and they are more the niche funds, I'm a big advocate for all types of super funds. There is a real space for default funds, there is a space for retail funds, there's a space for corporate funds. What I wouldn't want to see is that 10, just big 10 mega super fund plan, because then you become nothing but a number, and your account is just adding to a giant pool of money, but no one really cares about you at all.

Deb Anderson:

And are you finding that investors are looking for more ethical investment options?

Simone Thompson:

Definitely. And this is a product of my background as well, having worked at Australian Ethical. But look, I think it's undoubtable that the ethical funds have done pretty well in the last financial years and the figures that are coming out now for the end of 30 June figures is that, the avoidance of being in certain industries has helped the ethical funds at this space. But I think it's just people are becoming more knowledgeable about how they want their money invested as well. So, it's not just in super, but now there's banks out there too. So, like Bank Australia is one where your money is not being invested into certain products and areas.

Simone Thompson:

People realise that they have choices, I think and that's where social media has been really interesting for that perspective, because they're just getting access to that info that you wouldn't have really got if you just had to walk into a branch of your local bank in the main street, now you can see what other options are out there. So, whether it's environment or whether it's social, or whatever it is that's your area, whether you're pro women, you can find financial products these days that will meet your own ethics. And I think that's a really interesting and important part of life.

Deb Anderson:

Is it generational? Is it the younger ones that are more....

Simone Thompson:

I think it would be fair to say that in some of those ethical funds and membership would be a younger membership, but that's not across the board. So, in a lot of cases, it's almost a time thing, you need to put time aside to think about your superannuation or your banking. And so, I wouldn't want to make any generalisations about the memberships, but probably social media has contributed to that for our younger generation too.

Ainslie Cunningham:

I think too. It's been a big push from large US type funds like BlackRock and things like that, they really have put the spotlight on ESG and changes to investment mandates, and I guess more attractive options for investors. If you want to attract big instos' these days, you do have to have that ESG lens on things. And I think too, even some of the philanthropic options for older board members or big companies like that, even like Wilson Asset Management, Geoff Wilson, he's doing a lot of things with future funds and things like that.

Simone Thompson:

Yeah, there's a lot of really good work being done in the industries across the board, whether they're... I mean, there's a big push at the moment as well about literacy for indigenous Australians as well, financial literacy in that space. And there's lots of really big institutions donating lots of time and effort into those spaces as well. So, I think that larger institutions are realising that they need to have that social lens on their business. And people are looking for that as well as, it's not just all about an investment return or some shiny marketing brochure, people are saying, show me some substance as well. If you're taking profits every year, then how are you utilising that profit to make my world a better place?

Ainslie Cunningham:

Yeah, absolutely. I love hearing giving back to the community type stories.

Simone Thompson:

Yeah, me too.

Ainslie Cunningham:

Well, I think that, that all we have time for today, is there anything you want to leave our listeners with, Simone?

Simone Thompson:

No. I guess I'd like to say that I'm really proud of where the compliance and risk and governance space has come in the 15 years I've been in the business, but also the respect that practitioners in this area are now generating as well. I think that it's being recognised that there needs to be a seat at the management table for CROs and for compliance people, and that's a really important step for every business as well. So, to all of those out there that are slaving away doing compliance checklists and other things, your work is being recognised now.

Ainslie Cunningham:

That's a great leaving comment. Thank you so much for joining us today, Simone, and sharing all your insights with our listeners.

Simone Thompson:

Thank you very much for having me.

Outro:

That's all for today. Until next time, happy podcasting. And remember if you're enjoying the show, check out our other episodes and all things governance at www.3sowls.com.au.