



PERU-AUSTRALIA

FREE TRADE AGREEMENT

OUTCOMES: FINANCIAL SERVICES

Financial services, including banking, insurance and funds management, is one of the most dynamic sectors of the Australian economy, totalling \$4.3 billion in exports in 2017.

The Peru-Australia Free Trade Agreement (PAFTA) presents an important opportunity to increase Australia's financial services exports, as well as to help reduce the regulatory restrictions on Australian firms established in, or looking to enter, Peru.

KEY OUTCOMES

Cross-border financial services

PAFTA delivers new opportunities for Australian financial service providers in Peru by guaranteeing the ability to provide a range of financial services on a cross-border basis, including:

- investment advice and portfolio management services to collective investment schemes;
- insurance of risks relating to maritime shipping and international commercial aviation and freight, and brokerage;
- reinsurance and retrocession;
- consultancy, actuarial, risk assessment and claim settlement services; and
- insurance intermediation.

Reducing 'behind-the-border' restrictions

PAFTA will help ease some of the regulatory burdens Australian firms face when exporting financial services to, or operating in, Peru. For example, PAFTA includes provisions that:

- promote transparency and consultation with industry when a regulatory change is being introduced;
- encourage the streamlining of approvals for the issuance of new insurance products;
- recognise the importance of financial institutions being able to outsource their back-office functions (such as IT and human resources); and
- guarantee access to self-regulatory organisations, where access is necessary to supply a financial service in Peru.

In addition, Australia and Peru have committed to permitting financial institutions to transfer information into and out of their countries for data processing – subject to certain conditions including the protection of privacy and confidentiality.

New Financial Services

Australia and Peru will permit financial institutions to supply new financial services in each other's territory, provided that it would permit its own financial institutions in like circumstances, to supply the new services without adopting or modifying an existing law. This will create opportunities for Australian firms and provide consumers with enhanced choice and access to the latest and most innovative financial products.

Retaining the ability to regulate in Australia's interests

Each country needs to be able to regulate its financial services sector, not only in times of crisis, but also in the day-to-day functioning of its financial system. PAFTA contains provisions that safeguard Australia's right to introduce and maintain measures for prudential reasons, including to protect depositors and policy holders, and to ensure the stability of our financial system.

