



# Budget 2016



## Backing our FinTech industry

The Government wants Australia to deliver great opportunities that entice home-grown and offshore innovative financial technology (**FinTech**) entrepreneurs to base themselves in Australia to develop and refine products and services.

**At the recent World Economic Forum it was noted that 90 per cent of the data we use today has been created in the past two years.** The ability of new technology to capture and process big data is changing how we do business and the way consumers use products and services.

FinTech is transforming our financial system and potentially our entire economy. It's not just about digitising transactions.

Just as the internet has empowered people around the globe through access to information, **FinTech is reducing information asymmetry** in the marketplace and thereby helping to mitigate risk and promote the efficient allocation of resources.

**FinTech is disrupting and thereby improving the way businesses and consumers interact.** It is stimulating technological innovation so that financial markets and systems can become more efficient and consumer-focussed. This can help drive improvements in traditional financial services and, perhaps more importantly, provide greater choice and competition for consumers.

**Australia is open for business.** We are committed to creating an environment where FinTech businesses can flourish. We want to **ensure that innovative Australian firms have the best opportunity** to be competitive on the world stage and attract offshore talent to Australia.

Growing Australia's FinTech industry will position us to **seize opportunities** on our doorstep as consumers in Asia increase their demand for more consumption-based goods and services. **Developing our FinTech industry will support the transition underway in our economy.**

On 21 March 2016, the Government released a FinTech Statement, ***Backing Australian FinTech***, to outline our support for the industry. ***Backing Australian FinTech is our plan to embrace technology in our financial system and potentially transform our entire economy.***

The Government has also established a FinTech Advisory Group that will provide advice directly to the Treasurer on issues important to Australia's FinTech industry.

## Backing the FinTech industry

This Budget includes an action plan to support our FinTech agenda and will foster Australia as an internationally competitive environment for these businesses.

- We have **committed \$200,000 to promote Australia internationally** as a FinTech destination.
- Data61, part of CSIRO, will **undertake a review of opportunities for distributed ledger technology (Blockchain)**.
- As part of the Data61 review, Blockchain pilots will be undertaken in suitable areas such as sharable registry information and verifiable supply chains.
- The Government will extend **venture capital tax concessions** to start-up FinTech businesses engaged in financial services, banking and insurance.
- The Government is working on a **Digital Marketplace** where FinTech and other technology businesses can compete for government information and communications technology (ICT) work. Large scale ICT projects will be broken into smaller components to allow more innovative solutions.
- The Government has announced its intention to **stop the 'double taxation' of digital currencies** under the GST regime. A consultation paper has been released with the Budget seeking public submissions.
- The Australian Securities and Investments Commission (ASIC) will release a consultation paper on a **regulatory sandbox exemption**. The consultation paper will seek comments on enabling FinTech start-ups to test their ideas for up to six months with a limited number of retail clients and within prescribed investment thresholds. It will also consult on how to maintain consumer protections.
- The Productivity Commission has released an issues paper on ways to improve **data availability and use**. The Government believes that effective data use is integral for an efficient and modern economy.
- The Government has announced it will undertake a study into adopting standardised electronic invoicing (eInvoicing) to **help small businesses reduce their administrative burden** and allow them to spend more time developing their business.
- We will consult on ways to **help facilitate innovation and modernise methods** for companies to distribute meeting notices and materials to members.
- We have introduced a Bill into the Parliament to **facilitate crowd-sourced equity funding for public companies**.

