

CHAPTER 01

YEAR IN REVIEW

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The year at a glance

SURVEILLANCE

690

surveillances completed

INVESTIGATIONS

168

formal investigations commenced

SCAM TAKEDOWNS

7,300+

investment scams and phishing websites taken down

ENFORCEMENT OUTCOMES

Criminal

23

individuals prosecuted on criminal charges by the Commonwealth Director of Public Prosecutions following ASIC referral

18

criminal convictions

8

custodial sentences

6

people imprisoned

10

non-custodial sentences

186

individuals prosecuted by ASIC for strict liability offences, resulting in \$1.1 million in fines

Civil

32

civil proceedings commenced, involving actions against 69 defendants

\$90.8m

in civil penalties imposed by the courts

Bannings

64

individuals or companies removed or restricted from providing financial services

11

individuals or companies removed from the credit industry

Infringement notices and court enforceable undertakings

26

infringement notices issued

\$7.2m

infringement penalties issued

7

court enforceable undertakings

35

people disqualified or removed from directing companies

54

actions taken against auditors and liquidators

CONSUMER EDUCATION

11.8m

user visits to ASIC's Moneysmart website

6.2m

users of Moneysmart online tools

INDUSTRY REPORTS

18

industry reports published

REGULATORY RELIEF

886

relief applications approved

Chair's report

ASIC is undergoing a transformation designed to meet the economic challenges and technological shifts that are reshaping our operating environment.

I am pleased to present ASIC's Annual Report for 2023–24.

As Australia's financial services and corporate regulator, ASIC has continued its transformation to meet the challenges and opportunities brought by rapidly evolving domestic and global markets. These include increased market volatility, advances in artificial intelligence, data and cyber risks, and the flow of capital from public to private markets.

Over the past year, ASIC has continued to deliver on its vision for a fair, strong and efficient financial system for all Australians. Our work has promoted confident and informed participation in financial markets and protected consumers and investors from harm. We have used the full suite of our regulatory tools to promote compliance and accountability, and enforce the law. We achieved a number of regulatory firsts, such as the first court-imposed penalty for greenwashing, the first stop order on a life insurance product, and the first infringement notice issued to a market operator, the ASX.

Strong compliance and enforcement outcomes

In 2023–24, we commenced around 170 formal investigations, an increase of about 25% on the previous year. We also filed 32 new civil proceedings in the Federal Court (against 69 defendants), representing an increase of 23% in civil proceedings on the previous year. Our civil actions resulted in over \$90 million in court ordered penalties. Our investigations led to 18 criminal convictions and a total of \$936,000 in fines ordered by the courts. They also saw a further 23 individuals charged by the Commonwealth Director of Public Prosecutions for criminal offences.

'Each and every person at ASIC plays an important role in upholding the integrity of Australia's financial system. We are deeply committed to helping all Australians.'

Joseph Longo

We are actively disrupting and preventing inappropriate targeting of consumers and the use of harmful credit models, including in First Nations communities.

Through our work, we aim to maintain a level playing field across the financial sector and to deter future wrongdoing. Our enforcement work is integral to ensuring that the consequences of breaking the law are clear and impactful.

Consumer and investor protection and education

Our focus on consumer and investor protection and education continued to deliver strong outcomes. More than 7,300 investment scam and phishing websites were taken down. Our ASIC Moneysmart Investor Alert List warned people of over 700 potentially fraudulent or unlicensed investment schemes and scams. The ASIC Moneysmart website was used by over 11 million Australians, with more than 6 million making use of the free tools and calculators to help them manage their finances.

Our report [Hardship, hard to get help](https://download.asic.gov.au/media/ud5mhogp/rep783-published-20-may-2024.pdf)¹ highlighted shortcomings in the way banks and lenders provide financial hardship support and set clear expectations for them to do better. The supporting consumer awareness campaign helped Australians better understand their right to ask for help from their lender. Our strategic focus on retirement outcomes included a [cross-sector project to expose and deter high-pressure cold-calling tactics](https://asic.gov.au/about-asic/news-centre/news-items/exposing-high-pressure-cold-calling-tactics-and-social-media-click-bait-leading-to-superannuation-switching/)² used in superannuation switching business models.

We continued to address emerging regulatory challenges, including in sustainable finance, crypto assets, and AI. An AI symposium we convened in May 2024 brought together experts from academia, business, industry and government for a critical conversation about how AI is affecting regulation and how Australian regulators can respond, drawing on international perspectives.

Engagement with key stakeholders

We are committed to working constructively and transparently with industry and the broader community. Commissioners and senior leaders across the organisation engage regularly with a wide range of stakeholders to exchange information and gather insights into emerging and complex issues in the financial sector, and to enable us to make informed and effective regulatory decisions. These engagements also allow us to signal our expectations to industry.

We continue to engage with the Australian Government – in particular, with Treasury – in a range of ways. We participate in consultations and inquiries, and provide input on legislative reforms in the sectors we regulate. This year, areas of focus have included scams, sustainable finance, AI, financial advice, the buy now pay later sector and managed investment schemes. In addition to three Senate Estimates hearings and four oversight hearings of the Parliamentary Joint Committee on Corporations and Financial Services, we engaged with 16 inquiries and attended nine hearings. These inquiries covered such topics as insurers' responses to the 2022 major floods claims, greenwashing, and the adoption of AI.

¹ <https://download.asic.gov.au/media/ud5mhogp/rep783-published-20-may-2024.pdf>

² <https://asic.gov.au/about-asic/news-centre/news-items/exposing-high-pressure-cold-calling-tactics-and-social-media-click-bait-leading-to-superannuation-switching/>

This year, we enhanced our approach to regulatory guidance to focus on setting clear expectations of industry. We also published the core principles for developing and implementing regulatory guidance.

Our Indigenous Outreach Program continued to assist First Nations consumers, including through our dedicated Indigenous Help Line and remote outreach across the country, to progress the long-term outcomes set out in ASIC's Indigenous Financial Services Framework. During the year, we hosted three virtual workshops about the opportunities for industry to address key challenges experienced by First Nations peoples when engaging with the financial system.

Strengthening our capabilities

This year, ASIC had a dedicated focus on growth and transformation. The commitment I made when I was appointed as Chair was for ASIC to be an ambitious, confident and modern regulator, and that's what we are doing.

ASIC's transformation over the past three years has been carefully considered, from determining what was needed and designing how it would work, to assessing the benefits the changes are intended to realise.

Most recently, the largest organisational redesign the agency has seen in 15 years has enhanced collaboration and decision-making across our teams. An example of this is our new regulatory triage process, which has enabled us to streamline our decision-making, improve the quality of those decisions and reduce time taken for matters to be progressed for enforcement and compliance action.

To support our regulatory, compliance and enforcement outcomes, we focused on enhancing our data analytics and surveillance capabilities. We embedded the triaging of real-time alerts as part of an inter-agency fight against scams, and strengthened our data and surveillance capabilities to protect consumers. This is part of our long-term approach to becoming a leading, digitally enabled and data-informed regulator, supported by and dependent on the funding and investment available to us.

This year, responsibility for companies, licences, business names and professional registers returned to ASIC from the Australian Taxation Office (ATO). We are working on the transition of these responsibilities and relevant staff members to ASIC and the stabilisation of existing registers.

Looking ahead

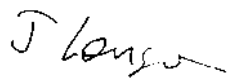
ASIC is ready and well equipped to continue its important work. We will remain agile in our approach; continue to strengthen our surveillance, supervision and enforcement capabilities; and invest in our people, systems and technology to achieve smarter and more effective outcomes.

Acknowledgement

Finally, I would like to extend my gratitude to everyone involved in supporting ASIC to deliver on its vision.

Each and every person at ASIC plays an important role in upholding the integrity of Australia's financial system. We are deeply committed to helping all Australians.

We have outstanding people throughout the organisation to drive the next phase of ASIC's transformation. Together, we will continue to address future challenges and uphold the commitment to excellence that defines our work.



Joseph Longo

Chair



Our work in action



Protecting consumers from scams

ASIC took down more than 7,300 investment scams and phishing websites, protecting Australians from fake investment platforms, crypto asset scams, and websites posing as legitimate financial services businesses.

SEE SPOTLIGHT 1 ON PAGE 35.



Acting on inadequate disclosures relating to sustainable finance

ASIC succeeded in a court action against a superannuation fund, sending a strong message to entities making sustainable investment claims that they must ensure their environmental, social and governance representations are not misleading.

SEE SPOTLIGHT 2 ON PAGE 37.



Preventing inappropriate targeting of consumers that could lead to financial harm

ASIC stopped retailer Urban Rampage from targeting First Nations consumers with inappropriate credit arrangements that led to financial hardship.

SEE SPOTLIGHT 3 ON PAGE 40.



Helping Australians in financial hardship

ASIC released findings of review highlighting banks' and lenders' inadequate focus on customers facing hardship and set expectations for lenders to take action.

SEE SPOTLIGHT 4 ON PAGE 44.



Regulation of the use of artificial intelligence

ASIC convened a meeting of experts to discuss the approach to effective regulation of artificial intelligence (AI) and ensure its safe and responsible use in Australia.

SEE SPOTLIGHT 5 ON PAGE 46.



Disrupting harmful credit business models

ASIC's action over many years continued to disrupt Cigno and BSF Solutions, which use evolving credit business models to evade regulation and target vulnerable consumers.

SEE SPOTLIGHT 6 ON PAGE 59.



Holding large financial institutions to account

ASIC's case against Macquarie Bank for failing to have effective controls to prevent and detect unauthorised transactions by third parties led to the Federal Court ordering the payment of a penalty of \$10 million.

SEE SPOTLIGHT 7 ON PAGE 61.



Taking tough action on insider trading and market manipulation

ASIC's success in two recent market trading cases reflects our commitment to protecting the integrity of Australia's markets by holding market operators and participants to the highest standards.

SEE SPOTLIGHT 8 ON PAGE 75.

Our business transformation

The past three years have been a period of transformation for ASIC, to ensure we adapt and respond to new challenges and opportunities in our external environment and are fit for the future.

This year was a critical juncture in this transformation, cementing the foundations of change and paving the way for further enhancements to our culture, systems, processes and technology.

This is part of an ambitious, long-term journey ASIC is making to remain effective, responsive and assertive in a fast-changing regulatory landscape.

01

A new structure to enable more timely, effective and collaborative decisions

Our new organisational structure is the result of the most significant structural redesign in 15 years. We brought compliance and enforcement work closer together and established whole-of-organisation mechanisms to enable more timely, effective and collaborative decision making.

(See Transformation callout on page 84.)

02

Uplifting our digital and data capabilities

Our commitment to bolstering our technology continues to strengthen our digital and data capabilities.

(See Transformation callout on page 42.)

03

Meaningful engagement with external stakeholders

We are actively engaging with external stakeholders to listen to their perspectives and set clear expectations of those we regulate.

(See Transformation callout on page 89.)

04

Supporting and empowering our people

We are gaining new perspectives on our organisational culture and devising new ways to empower our people.

(See Transformation callout on page 119.)

Financial summary

Outcomes

ASIC operates under one outcome statement:

Improved confidence in Australia's financial markets through promoting informed investors and financial consumers, facilitating fair and efficient markets and delivering efficient registry systems.

ASIC's funding structure

Since the financial year 2017–18, ASIC's operating costs have been paid through an industry funding model. Approximately 99% of ASIC's operating costs are recovered from the industries ASIC regulates. Around 70% of these costs are funded through the industry funding model and the remaining 29% through fees and charges collected by ASIC. Details of how ASIC's costs are recovered can be found in the Cost Recovery Implementation Statement (CRIS),³ published by ASIC around June each year. The CRIS provides information on how we implement the industry funding model and recover costs from industry subsectors, and also the fees we charge for transactions and services.

ASIC also collects revenue on behalf of the Australian Government under the *Corporations Act 2001* (Corporations Act) and the *National Consumer Credit Protection Act 2009* (National Credit Act), in addition to the funding from industries ASIC regulates and fees paid for services provided, details of which are outlined in the financial statements. This year, \$2.1 billion was collected by ASIC, including \$316 million through the industry funding model.

All funds collected go to consolidated revenue and are not available to ASIC.

Revenue for the Commonwealth

In 2023–24, ASIC collected \$2,062 million on behalf of the Commonwealth in fees, charges and supervisory cost recovery levies, an increase of 12% on 2022–23. This revenue collected is passed on to the Commonwealth and is not kept by ASIC.

3 <https://asic.gov.au/about-asic/what-we-do/how-we-operate/asic-industry-funding/cost-recovery-implementation-statement/>

Operational result

In 2023–24, ASIC reported a surplus of \$31 million, which was the result of several factors, including:

- ◆ project delays relating to the time to scope and recruit for new measures that were approved by government in the 2023–24 Mid-Year Economic and Fiscal Outlook (\$23 million)
- ◆ the receipt of court cost recovery revenue of \$13 million, mainly within the Enforcement Special Account

- ◆ appropriation revenue of \$12 million for capital projects, with expenditure reflected on the balance sheet.

These items are offset in part by write-downs and impairments of \$17 million, mainly relating to Modernising Business Registers program assets, which were reclassified as operational in nature following the outcomes of the government's independent review.

Table 1—Revenue, appropriations and expenditure

	2023–24 (\$'000)	2022–23 (\$'000)	CHANGE (\$'000)	PERCENTAGE CHANGE
Revenue from government (including Enforcement Special Account)	513,558	426,323	87,235	20
Own-source revenue	31,406	32,366	(960)	(3)
Total revenue	544,964	458,689	86,275	19
Total expenses (including depreciation and amortisation, net of gains)	513,988	542,340	(28,352)	(5)
Surplus/(deficit)	30,976	(83,651)	114,627	137

Table 2—ASIC's use of taxpayers' money for outcomes approved by Parliament

	2023–24	2022–23
Operating expenses (incl. depreciation and amortisation, net of gains)		
Total expenses (net of gains) (\$'000)	513,988	542,340
Annual change on previous year (%)	(5)	10
Fees and charges (incl. industry funding) raised for the Commonwealth		
Total (\$'000)	2,061,834	1,834,550
Annual change on previous year (%)	12	9

