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Tougher rules, back to basics and the fixing culture one year on

One year on from the Royal Commission the banking industry has tougher rules imposed by the Government and regulators, a back to basics approach to banking which is squarely centred on the customer and a renewed focus on fixing culture.

At the release of the Final Report of the Royal Commission last year the industry committed to learning the lessons, fixing the problems and making things right. A wide range of new actions have been taken by banks, regulators and the Government to stamp out bad behaviour and ensure the problems identified by the Royal Commission are fixed. These include:

Fixing the Culture

- Launching a new Banking Code of Practice with over 200 new or improved customer rights, with additional changes now approved by the regulator at the recommendation of the Commissioner
- Abolishing sales-based incentives for frontline staff
- Assigning more than 2,000 staff working to ensure customers get back the money they are owed
- \$5.8 billion allocated to customer refunds and related remediation programs
- Better care of vulnerable people through new rules for debt collection services, new guidelines to improve access for customers with disability and new Code requirements to take extra care with customers experiencing vulnerability

Tougher Rules

- 1,400 senior executive now accountable under the Government's Banking Executive Accountability Regime (BEAR). Maximum penalties for breaches under BEAR range from \$10m for small banks to \$210m for large banks
- Higher financial penalties and longer prison sentences for criminal behaviour
- New powers for ASIC to investigate, conduct searches and ban individuals from the industry

Back to basics

- Simplifying businesses to ensure a strong focus on core banking
- Banks have standardised basic bank accounts, with no account keeping or overdrawn fees and no minimum deposits for customers with government concession cards.

CEO of the Australian Banking Association Anna Bligh said that while much progress had been made to fix the problems identified by the Royal Commission, there was still a long way to go.

"When the final report was delivered by Commissioner Hayne, Australia's banks were clear – they would learn the lessons, fix the problems and make it right," Ms Bligh said.

"One year on from the delivery of his final report, a great deal of work has been completed to fulfil to this commitment.

"To make things right banks have this year alone set aside \$5.8 billion on refunding customers or related remediation costs.

"Banks have a new Code of Practice which has real teeth, with independent monitoring and enforcement and will be strengthened even further this year.

"We haven't stopped there, we've overhauled the way we pay staff by abolishing sales targets to ensure we always, at all times, put the customer first.



Australian Banking
Association

“The industry knows there is still much work to be done to earn back the trust of the Australian people and will continue to remain focussed on this task,” she said.

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