

Royal Commission: one year on

RECOMMENDATIONS	DONE	STATUS
Rural loans are managed by experienced rural bankers.	100%	Done
Early offer of farm debt mediation.	80%	On track
Manage every distressed rural loan to try to achieve best outcomes for the borrower and the bank.	100%	Done
Appointment of receivers is a remedy of last resort.	100%	Done
Stop charging default interest on rural loans when there is no real prospect of recovering the money.	70%	Effective, all banks, 1/3/2020
Additional annual reviews of how front line staff are paid.	67%	Ongoing
Fully implement the recommendations of the Sedgwick Review by 2020.	39%	Effective, all banks, end 2020
Assess entity culture and governance as often as reasonably possible.	76%	In process, on track
Identify problems with above.	59%	In process
Deal with those problems.	12%	Ongoing, on track
Determine whether the changes have been effective.	6%	In process

Percentages indicate that banks have fully implemented Royal Commission recommendations at time of print, January 2020.



Banking 2020

One year on

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Fixing the culture



Changed the way we pay staff

- Abolished sales based incentives for frontline staff.
- Reduced financial measures for frontline staff to only 30% of variable pay.
- Introduced bonuses tied to non-financial measures such as risk management and good customer outcomes.
- Deferred 60% of CEO bonuses for a minimum of four years.
- Short term variable remuneration was cut for most bank executives in 2019.



Paying back the money

- Banks have more than 2,000 staff working to ensure customers get back the money they are owed.
- More than \$5.8b has been allocated to customer refunds and related remediation programs.



A new Banking Code of Practice

- The new Code contains more than 200 commitments to improve the rights of customers.
- The new Code has been updated to provide further protections for farmers, small business owners and guarantors, to meet the requirements of the Royal Commission.
- The new Code ensures that bereaved customers are treated with compassion and respect and that fees are not charged where services are not provided.

Tougher rules



New regulations

- 1,400 senior executives are now on the Banking Executive Accountability Regime (BEAR) register of accountable persons. Maximum penalties for breaches under BEAR range from \$10m for small banks to \$210m for large banks.
- Increased regulator surveillance. Last year ASIC staff were in banks for 205 days, conducting 713 meetings.
- Higher financial penalties and longer prison sentences for criminal behaviour.
- New powers for ASIC to change or stop the sale of financial and credit products that are detrimental to customers.
- New powers for ASIC to investigate and conduct searches and ban individuals from the industry.



Better care of the vulnerable

- New rules for debt collection services to protect customers with unsecured debts.
- New banking industry guidelines to improve access for customers with disability.
- New Banking Code requirements to take extra care with customers experiencing vulnerability.



Back to basics



Simpler banking

- Banks have standardised basic bank accounts with no account keeping or overdrawn fees and no minimum deposits, for customers with government concession cards.
- Banking is more accessible, particularly for customers living in remote areas or with limited English and Australians with basic bank accounts.
- Banks are simplifying their businesses to focus on core banking.
- A number of banks have sold or are selling their other businesses such as wealth management, insurance and financial advice.



2020: more to do

- Banks are working with Government to develop and implement more than 40 pieces of legislation designed to improve customer outcomes.
- Work to improve culture and governance is continuing in all banks.
- Train staff and implement new Banking Code protections by 1 March 2020.