



Strong banks – strong Australia

House of Representatives Standing Committee on Economics

Review of the four major banks (second report)

Australian Bankers' Association

ABA13QW: Will the ABA agree to Recommendation 1 of the Carnell Review in full? (i.e. the Recommendation that The Australian Bankers' Association's six-point plan must be strengthened by publishing individual bank implementation plans, including key milestones and deliverables. Outcomes against these plans must be published. Implementation by 1 July 2017).

Answer: The banking industry announced on 21 April 2016 a package of reforms to further protect consumer interests, increase transparency and accountability and build trust and confidence in banks. The Banking Reform Program encompasses industry-wide reforms which will impact on all customer segments, not just small business. The timing of these reforms is already ambitious and is a decision for the industry.

There is already a great deal of information published on the progress of the Banking Reform Program overall and on the individual components. The industry is being very transparent.

The industry has committed to an implementation schedule and the performance of the industry as a whole is the outcome of the performance of the individual banks.

Progress on the program is being overseen by an independent governance expert, former Commonwealth Auditor-General, Mr Ian McPhee AO PSM. Mr McPhee is releasing quarterly reports, most recently on 20 January 2017¹, with his next report due on 21 April 2017.

The ABA understands Mr McPhee plans to increasingly report on the progress of the individual banks in progressing the industry initiatives. It is proposed that this be the mechanism for achieving greater transparency of individual bank performance against plan in the first instance. The issue could be revisited in the second half of this year in light of any further comments by Mr McPhee if greater transparency on bank performance is required.

At the same time as Mr McPhee releases his next report, the ABA will issue its first annual report on the progress of the initiatives.

¹ A copy of Mr McPhee's report is available at www.betterbanking.net.au