

# Chaney slams bank inquiry as 'populism'

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## EXCLUSIVE

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MICHAEL RODDAN

BANKING

Former National Australia Bank chairman Michael Chaney has slammed calls by Labor and the Greens for a royal commission into the banking sector as “completely ridiculous” and a “complete waste of money”, arguing strong banks are fundamental to the health of the economy.

Mr Chaney, chairman of Wesfarmers and Woodside Petroleum, said the big four banks were already “by far” the most regulated companies in Australia, with watchdogs APRA and ASIC continually sending teams through the banks to investigate risk.

“A royal commission would

turn up nothing in addition to what the regulators already find and wouldn't have the power that the regulators have to do something about it,” Mr Chaney told *The Australian*.

“It's a perfect example of the unfortunate populism that characterises election campaigns now.”

The comments came as the Australian Bankers Association called on Labor to “explicitly rule out” adopting the Greens' proposal to break up the big banks.

ABA chief executive Steven Munchenberg said Australia's major banks were some of the strongest in the world and, thanks to the AA- rating from Standard & Poor's, could access funding in times of uncertainty and volatility. “This major economic advantage would be lost

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# Calls for inquiry 'waste of money'

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under the Greens' policy, triggering an economic downturn," Mr Munchenberg said.

Mr Chaney, who chaired NAB for a decade including through the global financial crisis, said the banks' economic importance far outweighed the "relatively minor" scandals that have engulfed the sector.

"The big four banks are the four largest companies in Australia. They're very profitable and they pay almost all their profits out in dividends to retail investors," he said.

"During the GFC, the banks were among the most stable in the world and it enabled Australia to avoid a recession.

"In other countries, banks were on the verge of failure and governments had to step in and provide billions and billions of dollars of support and the economies went into recession."

The Greens' banking policies, launched yesterday by Tasmanian senator Peter Whish-Wilson, would also hit Australia's big four banks with a too-big-to-fail levy and increase penalties for white-collar criminals.

The focus on banks comes as Labor, which also wants to investigate "vertical integration" in a proposed royal commission, doubles-down on its position

against the desires of business, standing firm against the Coalition's planned company tax cuts.

Mr Chaney, who retired from NAB last December, said it would be "helpful" in the current political environment if APRA and ASIC were clearer with the public about the "good job" the banks did.

When his appointment was announced, NAB was still recovering from the fallout of a \$326 million rogue trading scandal. According to Field Research's client update *First Mail*, Mr Chaney described being chairman as a "tough gig", but said the close regulatory supervision was important. "It's clear the banks are such an integral part of the economy that we have to ensure that they are safe and properly run.

"A lot of effort is put into drawing up a response and remedial action to any shortcomings that the regulator finds. All of this occupies a huge amount of time for the management and the board," Mr Chaney told Field Research.

"They're diligent and they're on top of their game. (But) it's inevitable that you'll find some shortcomings somewhere in these large organisations," he said. "That's what the regulators are there for — to make sure they get corrected."

Mr Munchenberg said Labor leader Bill Shorten needed to "specifically rule out following the Greens' proposal to break up or restructure the major banks".

The royal commission was "a ridiculous suggestion" but politically easy, Mr Chaney added.

"The campaign has been overtaken by one-liners and populist cries that, upon analysis, are not worthwhile at all but are solely designed to win votes," he said.



**Michael Chaney**