

# Sector will tackle culture: ABA

MICHAEL RODDAN  
GOVERNANCE

The chief executive of the Australian Bankers' Association, Steven Munchenberg, has acknowledged there are problems in the unloved banking sector but says the industry is decisively dealing with its issues without the need for a royal commission.

Speaking at the start of the ABA's review of the Code of Banking Practice, Mr Munchenberg told *The Australian* it was just the start of a number of reforms the sector was looking at introducing to shore up its image as it braces for a Senate likely to push for a royal commission into the banks.

Former Australian Securities & Investments Commission executive Phil Khoury will lead the review of the code, a voluntary but contractually binding set of standards and guarantees setting out how banks deal with individuals and small businesses, such as farmers, in financial difficulty.

After two rounds of consultations with banks, consumer and small business organisations, the Finance Sector Union and employees of banks and regulators, Mr Khoury will hand down his report at the end of the year.

Mr Munchenberg said over coming weeks the ABA would also announce an independent review into bank remuneration structures, look to strengthen whistle-

blower protections and look at a "last resort" compensation scheme for customers on the receiving end of dodgy financial advice.

"We're not opposed to a royal commission because we're denying there are problems. There are clearly issues that the industry needs to deal with and there are clearly customer concerns about some of the practices within the industry," he said.

"We acknowledge that we

need to deal with those, but our argument is that we need to deal with those issues now and not wait for a royal commission."

The big banks are fretting over the balance of power in what looks set to be an unruly Senate after the

federal election is decided. The ALP and likely balance-of-power brokers, The Greens and the Nick Xenophon Team, have all expressed strong support for a royal commission into the banks and financial sector.

Pauline Hanson and Jacqui Lambie have also expressed support for a royal commission.

"Labor will continue to push for a royal commission into the banking sector and will work with the Parliament to make that happen," a spokesman for Bill Shorten told *The Australian*.

Greens finance spokesman and Tasmanian Senator Peter Whish-Wilson said he was sceptical of the code of practice review at first glance. "This review is simply

a strategic move to head off the deep scrutiny of a royal commission," he said. "Voluntary codes of conduct are weak and hardly enforceable. They take time to change culture and the original code is just years old."

Mr Khoury, who consumer groups suggested to lead the review, said he was open minded but would not be "throwing out" the code, last revised in 2013.

"There's some good things in the code — we're really just listening to stakeholders at the moment," he said.

"One of the purposes of it for the banks is to build confidence with customers in the way they will be dealt with. If customers aren't getting that sort of confi-

dence, it's time to look at how that code works. We'd like a code of practice that works better for customers and one that puts banks and customers in a clearer pos-

ition about what people can and can't do. When there are disputes, there is often right and wrong on both sides."

Mr Munchenberg said the review was about "actually fixing" the things people said they were concerned about.

"We acknowledge there are problems — we're not denying that — we acknowledge that these things need to be fixed.

"But we're putting in place ways of fixing that," he said.

“Our argument is that we need to deal with those issues now and not wait for a royal commission.”

STEVEN MUNCHENBERG, AUSTRALIAN BANKERS' ASSOCIATION