

Pressure builds for bank probe

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The Federal Government is under increased pressure to back a royal commission into the banking sector after allegations the Commonwealth Bank's lending technology was used by overseas organised criminals and terrorists to launder tens of millions of dollars.

The Commonwealth is facing allegations which, if proved, could end with one of the biggest fines in Australian corporate history.

The agency alleging the bank breached national anti-laundering and terrorist financing laws on 53,000 separate occasions is also facing questions.

Almost 4 per cent was stripped from the value of Commonwealth Bank shares yesterday.

The Australian Transaction Reports and Analysis Centre alleges "intelligent deposit machines", introduced by the Commonwealth in 2012, have been used by organised criminals and terrorists to launder \$625 million to a string of over-

seas bank accounts. Despite laws requiring banks to notify AUSTRAC of transactions worth more than \$10,000, the authority alleges the bank either failed to let it know about the transactions or was tardy.

Prime Minister Malcolm Turnbull would not be drawn on the allegations against the bank but stressed no company was above the law.

"Everyone has to obey the law including big banks and the biggest companies," he said.

"You can see that the regulator is very focused on ensuring that the laws against money laundering and so forth are enforced."

The allegations have been grabbed by supporters of a banking royal commission,

including independent MP Bob Katter and the Greens.

Greens banking spokesman Peter Wish-Wilson said the culture in the nation's banks had not changed despite repeated excuses made on their behalf.

And he targeted AUSTRAC for not acting more quickly on a long-running problem.

"The only way to fix this mess is to have a royal commission or a parliamentary commission of inquiry to call them to account," he said.

"What is so shocking about these latest claims is the sheer disregard that the bank has shown to requests for action by the regulator.

"A clear part of the cultural problem in the financial services sector is that regulators and requests from regulators are treated with disdain."

The bank, which faces an earnings report next week, only noted that there had been media coverage of the action launched by AUSTRAC.

Labor's financial services spokeswoman Katy Gallagher said the ALP would await the Federal Court action before making further comment.