



House Economics Committee Presents Second Report on Reform of Banking Sector

The House of Representatives Standing Committee on Economics today presented its second Report on the banking sector.

On 24 November 2016 the committee tabled its first Report which contained 10 Recommendations designed to improve the banking system for Australian consumers. The second Report affirms these 10 Recommendations, and calls on Government to implement each of them.

The March 2017 public hearings provided the committee with an opportunity to scrutinise the banks over their response to the committee's November Recommendations and the Carnell Report Recommendation into the use of non-monetary default clauses in small business loans.

Committee Chair David Coleman MP said that the second round of hearings had provided a useful forum in which to scrutinise the banks on the November recommendations.

"Each of these Recommendations should be implemented. The committee is open to some modest variations to the first report Recommendations but affirms the substance of each of them. In particular, it is important that the committee's Recommendations on executive accountability, creating a new focus on competition, and opening up of consumer data are acted upon."

Mr Coleman said that ANZ had been notably more constructive than the other banks during the hearings.

"Other than ANZ, the banks all argued against the committee's recommendations to put in place a new executive accountability regime and increase the focus on competition in the banking sector. The reasoning of the banks on these matters was not in any way persuasive and their views should be rejected by the Government."

As part of the hearings, the committee scrutinised the banks over their use of non-monetary default clauses in small business loans. This matter was examined by the Australian Small Business and Family Enterprise Ombudsman, Ms Kate Carnell, as part of her inquiry into small business loans.

The committee commends Ms Carnell on her important work on this issue and has recommended that non-monetary default clauses be abolished for loans to small business.

The report can be accessed from the Committee's website at: http://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/FourMajorBanksReview2

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