



Australian  
Shareholders'  
Association

Australian Shareholders' Association Limited  
ABN 40 000 625 669  
Suite 11, Level 22  
227 Elizabeth Street, Sydney NSW 2000  
PO Box A398, Sydney South NSW 1235  
t (02) 9252 4244 | f (02) 9071 9877  
e [share@asa.asn.au](mailto:share@asa.asn.au)

16 March 2019

Committee Secretary  
Economics Legislation Committee  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Committee members

## **INQUIRY INTO THE BANKING SYSTEM REFORM (SEPARATION OF BANKS) BILL 2019**

The Australian Shareholders' Association (ASA) represents its members to promote and safeguard their interests in the Australian equity capital markets. The ASA is an independent not-for-profit organisation funded by and operating in the interests of its members, primarily individual and retail investors and self-managed superannuation fund (SMSF) trustees. ASA also represents those investors and shareholders who are not members, but follow the ASA through various means, as our relevance extends to the broader investor community.

ASA supports the overall findings in the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The broad holistic review of conduct and misconduct in the industry has followed a myriad of enquiries which failed to arrive at a position where ethical behaviour is supported and facilitated by the businesses. We expect the industry to work toward a similar outcome to the HIH Royal Commission, where there is assurance that every industry participant has carried out their job or role in an ethical and effective manner.

We are of the view that the overall findings will lead to better protections for consumers and stronger enforcement of existing regulation. Retail shareholders expect ethical behaviour as a gateway to generate sustainable returns — profit achieved any other way is illusory.

ASA particularly supports the reaffirmation that new laws are not required, but current laws need to be enforced and a better outcome would be achieved by having clearer laws. We support the proposal to reduce the number and area of operation of special rules, exceptions and carve-outs. As such, ASA does not support the Banking System Reform (Separation of Banks) Bill 2019, which runs counter to these recommendations by Commissioner Hayne.

ASA also supports the expansion of the Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 to encompass a determination by the Australian Prudential Regulatory Authority of a responsibility for all steps in the design, delivery and

maintenance of all products offered to customers by authorised deposit-taking institutions, as well as any necessary remediation of customers in respect of any of those products.

ASA is firmly of the view that the recommendations of the final report of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry need to be implemented before any further legislative action is taken in relation to the banking system.

We also note that there are a number of cases that have been referred for litigation and a number of class actions arising from the disclosures at the Royal Commission. Not all of these flowed from the vertical integration of banks. The outcomes of these cases will also lead to change in practice.

Therefore, ASA opposes the Banking System Reform (Separation of Banks) Bill 2019.

Yours sincerely

Judith Fox

Chief Executive Officer