

# POLICY BULLETIN

## FINAL REPORT OF THE BANKING ROYAL COMMISSION

6 February 2019

The [final report](#) of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was released on 4 February 2019. The report makes for sobering reading with many of the recommendations, if implemented, the catalyst for significant changes to several sectors, and which could have ramifications for the broader Australian economy.

The report includes 76 recommendations covering banking, financial advice, superannuation, insurance, corporate culture, governance and remuneration, and the regulators.

The Government [responded](#) by stating that it 'has agreed to take action on all 76 recommendations'. We expect that the government will provide detailed responses to each of the recommendations in due course. However, it has already made a number of policy decisions, including:

- establishing a compensation scheme of last resort to provide a solution to the problem of uncompensated consumer losses. Such a scheme will be industry-funded
- expanding the remit of the Australian Financial Complaints Authority (AFCA) so that they can award compensation for successful claims going back 10 years
- commencing a capability review of the Australian Prudential Regulatory Authority (APRA) and conducting further capability reviews every four years.

The Opposition has [stated](#) that it 'accepts in-principle all of the recommendations in the report'.

The recommendations and issues raised require full and detailed consideration by policy makers, industry and the accounting profession.

It is also important that members note that CPA Australia is unlikely to support all the report recommendations as currently presented.

For example, as CPA Australia is an advocate of efficient and robust regulation, we will argue that the government needs to be mindful of the pre-existing regulatory complexity that exists in the financial services space, and the impact it has on financial advisory services before introducing additional regulation that may overlap and be in conflict with what is already in place. This is but one example of the work ahead in considering in detail the implications of what future governments seek to put forward as appropriate reforms from this important report. In this regard, CPA Australia looks forward to working with the various sectors to consider the implications on those impacted and what outcomes are appropriate.

In shaping our views on the recommendations and the policy responses, we will be engaging with members to better understand the potential impacts of the proposals. In particular, we will be scrutinising suggestions affecting

the financial planning sector. More broadly, we will be watching to see whether the final report impacts the flow of credit, especially to small and medium business.

In addition to the final report, we are awaiting the government's response to the Productivity Commission's report, [Superannuation: Assessing Efficiency and Competitiveness](#). We strongly recommend that the Government consider the recommendations in this report in concert with the Royal Commission's recommendations on superannuation.

We will keep members informed of developments on both of these reports and look forward to engaging with you and seeking your views on potential policy responses.

If you have any initial views on the 76 recommendations contained in the Royal Commission's final report, including how they may impact you, we would like to hear from you at: [submissions@cpaaustralia.com.au](mailto:submissions@cpaaustralia.com.au)

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