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## After years of bank scandals, the people have been heard



**Adele Ferguson**

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After years of bank cover-ups and scandals and mealy mouthed regulation, the people have been heard and a royal commission called into the banks and financial services.

It's been a long time coming and, contrary to all the rhetoric, the economy won't plunge into a recession, confidence in the banks won't evaporate and it won't hurt our financial system.

After fighting tooth and nail to avoid a royal commission, as soon as the banks wrote a letter to the government pleading for an inquiry, Malcolm Turnbull was announcing a royal commission.

It was a spectacular capitulation by all involved.



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ALEX ELLINGHAUSEN

But it begs the question: Who is calling the shots? The banks or Turnbull?

The brutal reality is they had run out of options. When Nationals senator Barry O'Sullivan decided to join his colleague John Williams to back a banking commission of inquiry, it was game on.

By capitulating, the government gets to take control of the inquiry in terms of who to appoint as commissioner (it has crunched it from three to one), the terms of reference (a draft set was rushed through on Thursday), the funding and the timetable.

The hope is it doesn't turn it into a paper tiger by appointing a bank-friendly commissioner who has links to the banks (or has worked in some capacity previously for a bank even as a supposed independent arbitrator).



When Nationals senator Barry O'Sullivan, pictured, decided to join his colleague John Williams to back a banking commission of inquiry, it was game on. ALEX ELLINGHAUSEN

A royal commission is something that *The Age* and *The Sydney Morning Herald* have been calling for over the past few years after [exposing a string of scandals](#). I have seen first hand the damage done to people who lose their life savings at the hands of unscrupulous financial advisers or have their life insurance claims rejected.

When Fairfax first broke the story in June 2013 into the [Commonwealth Bank financial planning scandal](#), which exposed forgery and fraud and a cover-up by management, it became obvious these misdeeds were systemic and not an isolated case. Nor were they a few bad apples, as the bank tried to argue.



The CBA financial planning scandal was brought to light by whistleblower Jeff Morris. BRENDAN ESPOSITO

From then on, the emails and phone calls rolled in day after day.

The financial planning scandal showed that the corporate regulator, the Australian Securities and Investments Commission, was timid and too trusting of the banks and had allowed them to get away with feeble enforceable undertakings that lacked transparency and bite.

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It also showed that financial planning misconduct extended to other banks and financial institutions, including Macquarie Bank, National Australia Bank and others. Financial advisers were found to cheat on exams, push clients into products to get the commissions or forge signatures to access their money.

Countless people have been affected by lax compliance and boiler room cultures. Instead of getting reform, they were given Band-Aid solutions such as compensation schemes that were varied and opaque and a national register to track financial advisers that was slap dash.

Nobody, except the whistleblowers or those planners caught red-handed, was punished.

Back in 2014, a parliamentary inquiry spearheaded by Senator Williams called for a royal commission into CBA because the regulator couldn't be trusted to do a proper inquiry. It was a sad indictment but the right call. That the recommendation was rejected is more the pity. Perhaps we might have avoided the string of other scandals that followed.

The next big scandal to erupt was CBA's life insurance division, again exposed by Fairfax and ABC's *Four Corners*, which showed CBA was putting profit before sick and dying people. Like the financial planning scandal, which was brought to light by whistleblower Jeff Morris, CommInsure's wrongdoings were [aired by the chief medical officer Dr Ben Koh](#).

CBA was caught selling life insurance policies with outdated medical definitions, which made it difficult for legitimate customers to successfully make a claim. It put the spotlight on the entire sector and found it sadly wanting.

Again, nobody but the whistleblower was punished.

It was CommInsure and allegations that the banks were rigging bank bill swap rates that motivated [Opposition Leader Bill Shorten to back a royal commission](#).

But the Turnbull government refused point blank, [suggesting anyone who considered a royal commission was populist](#).

Despite the many protestations, the headlines kept coming about the greed of the banks, their questionable culture, that nobody had been sacked and that more people had been done over.

Then came the [Austrac money laundering scandal](#), which should have been enough. Instead we got tepid regulatory responses that meant the previous scandals compounded on each other.

A royal commission is here. But like everything, the devil will be in the detail, particularly given the short timeline to investigate such a complex, opaque and powerful industry and draft terms of reference so quickly pumped out. It's now a waiting game.



**Adele Ferguson** is a Gold Walkley Award winning investigative journalist. She reports and comments on companies, markets and the economy. Connect via [Twitter](#) or [email](#).

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