



House Economics Committee Announces New Recommendations for Reform of Banking Sector

The House of Representatives Standing Committee on Economics today presented its Third Report on reforming the Australian banking sector. The report builds on the suite of important reforms previously recommended by the committee, which have been broadly adopted by the Government.

Key reforms to date include putting in place a one-stop shop for consumer complaints, the Australian Financial Complaints Authority; a regulated Banking Executive Accountability Regime; and, new powers and resources for the ACCC to investigate competition issues in the setting of interest rates.

The Government also adopted the committee's recommendations to establish an open data regime and change the regulatory requirement for bank start-ups in order to encourage more competition in the sector.

The Committee's Third Report makes the following recommendations to Government:

- **If the banks do not act by 1 April 2018, regulatory action should be taken to ensure that merchants have the choice of how to process "tap and go" payments on dual network cards. At present merchants are forced to process these transactions through schemes such as Visa and MasterCard rather than eftpos. It is estimated that this forced processing costs merchants hundreds of millions of dollars in additional annual fees at present;**
- **The Australian Competition and Consumer Commission, as a part of its inquiry into residential mortgage products, should assess the repricing of interest-only mortgages that occurred in June 2017;**
- **The Government should introduce legislation to mandate the banks' participation in Comprehensive Credit Reporting as soon as possible; and**
- **The Attorney-General should review the major banks' threshold transaction reporting obligations in light of the issues identified in the Australian Transaction Reports and Analysis Centre's (AUSTRAC) case against the Commonwealth Bank of Australia.**

Committee Chair David Coleman MP said 'the Committee continues to hold the major banks to account during these regular hearings. We look forward to the Government's response to the Committee's new recommendations.'

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

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