



19 SEP 2016

Mr Russell Cousins  
101/15 Albert Avenue  
BROADBEACH QLD 4218

Dear Mr Cousins

Thank you for your recent correspondence to the Minister for Revenue and Financial Services concerning Australia's banking system. The Minister has asked me to respond to you.

As you may be aware, the Australian Government considers competition, not regulation, is the best means of ensuring consumers get value for money in financial services.

The Government's response to the Financial System Inquiry was released on 20 October 2015, delivering on an election commitment to hold a root and branch examination of Australia's financial system. The Government's Financial System Program includes over 48 measures to ensure consumers receive fair treatment and have confidence in the products and advice they receive. The Government's focus is now on implementing reforms that will strengthen our financial system.

There have been several Senate committee and other inquiries into the financial system including an inquiry into the conduct of the Commonwealth Bank of Australia's financial planning divisions. In addition, the Senate Economics References Committee is currently conducting an inquiry into the scrutiny of financial advice.

In April 2016, the Government provided additional funding to ASIC to undertake more surveillance and enforcement and to enhance its data analytics and surveillance capabilities to better identify misconduct. The Government also announced that it would accelerate work already underway to strengthen the tools available to protect consumers and punish wrongdoing, through increasing penalties and giving ASIC new powers to ban the distribution of harmful financial products.

The Government commissioned an independent review into the financial system's external dispute resolution framework, which will examine alternative models for providing consumer redress (including proposals for a banking tribunal) and the establishment of a statutory compensation scheme of last resort. This review will also consider findings of an inquiry by the Australian Small Business and Family Enterprise Ombudsman into small business lending practices and will report to Government by the end of March 2017. Public consultation is taking place from 9 September 2016 to 7 October 2016. For further information on the consultation process or the review visit: <http://consult.treasury.gov.au/financial-system-division/dispute-resolution/> and [www.treasury.gov.au/ConsultationsandReviews/Reviews/2016/Review-into-Dispute-Resolution-and-Complaints-Framework](http://www.treasury.gov.au/ConsultationsandReviews/Reviews/2016/Review-into-Dispute-Resolution-and-Complaints-Framework).

More recently, the Government has taken action to ensure that the major banks are more transparent in their decision making. On 4 August 2016, the Government announced that the major banks will be called on to appear at least annually before the House of Representatives Standing Committee on Economics to explain the basis for their interest rate pricing decisions, provide their perspectives on the economy and disclose their progress in implementing reforms. This will allow the Australian public to better understand how the major banks balance the needs of borrowers, savers, shareholders and the wider community in implementing their policies and commitments.

Once again, thank you for taking the time to write.

Yours sincerely

A handwritten signature in black ink, appearing to read 'MQ', with a long horizontal flourish extending to the right.

Meghan Quinn  
Division Head  
Financial System Division