

INDUSTRY NEWS

Banking Royal Commission

Public hearings in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry will re-commence on 13 March 2018.

This round of hearings will take place in Melbourne, focusing on consumer lending practices in connection with home loans, car loans and credit cards.

The Royal Commission is known to have written to life insurers seeking details of matters that may fall within its terms of reference shortly after Letters Patent were issued to the Commissioner in December 2017.

The Commissioner is authorised under the terms of reference to inquire into three principal matters:

- Whether financial services entities and their directors, officers or employees have committed “misconduct” and, if so, whether the criminal or other legal proceedings should be referred for prosecution.
- Whether conduct, practices, behaviour or business activities by financial services entities fall below “community standards and expectations”.
- Whether the use to which superannuation fund members' retirement savings have been put does not meet “community standards and expectations” or is “not in the best interests of those members”.

The terms of reference also require the Commissioner to make findings concerning whether any bad behaviour observed by the Royal Commission was caused by the “culture and governance practices of an entity or broader cultural or governance practices in the finance sector, such as risk management, recruitment and remuneration practices”.

The Royal Commission will also make recommendations about the mechanisms for redress for consumers who suffer detriment as a result of misconduct, as well as the adequacy of laws and of industry codes of self-regulation.

Commissioner, the Honourable Kenneth Hayne AC QC, who was a judge of the High Court of Australia from 1997 to 2015, will submit an interim report no later than 30 September 2018 and a final report by 1 February 2019.

Though the Royal Commission has already published several background papers about the Australian banking and mortgage broking industries, it has not yet released any papers in relation to the life insurance industry.