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BANKING SECTOR NEWSLETTER

IN THE MEDIA

ACCC finds consumers are paying too much in foreign transaction fees

This is the first report of its kind released by the ACCC that finds Australians are paying too much for foreign currency conversion services, particularly for international money transfers, and the main beneficiaries are the major banks. <http://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/accc-finds-consumers-are-paying-too-much-foreign>

29 financial firms breach AFCA member requirements

The Australian Financial Complaints Authority has named 29 financial firms who have failed to pay complaint-related charges, breaching AFCA membership requirements. <https://www.afca.org.au/news/latest-news/29-financial-firms-breach-afca-member-requirements/>

ABA: Australia's Banks are open for Business with Small Business Approvals at 94%

Research commissioned by the Australian Banking Association, found that while millions of people have dreamed of working for themselves and starting a business, 60 per cent (5.4 million) say 'access to money' is the sticking point. <https://www.ausbanking.org.au/australias-banks-are-open-for-business-with-small-business-approvals-at-94/>

Numbers on business credit crunch don't stack up: Bligh

Australian Banking Association chief Anna Bligh said lending data does not support claims across the business community that small business access to credit is tightening. <https://www.smh.com.au/business/small-business/numbers-on-business-credit-crunch-don-t-stack-up-bligh-20190830-p52mg7.html>

Treasurer moves on broker remuneration

Treasurer Josh Frydenberg announced the government will introduce a best interests duty for mortgage brokers and seek to reform broker remuneration. The Government's reform of mortgage broker remuneration

will require the value of upfront commissions to be linked to the amount drawn down by borrowers instead of the loan amount, banning campaign and volume-based commissions and payments and capping soft dollar benefits. It will also limit the period over which commissions can be clawed back from aggregators and mortgage brokers to two years and prohibit the cost of clawbacks being passed on to consumers. The exposure draft legislation is available on the Treasury website. <https://www.financialstandard.com.au/news/treasurer-moves-on-broker-remuneration-141122069>

ASIC approves AFCA rule change enabling the naming of firms

ASIC has approved changes to the Australian Financial Complaints Authority (AFCA) Rules to allow the scheme to name financial firms in published determinations. <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-224mr-asic-approves-afca-rule-change-enabling-the-naming-of-firms/>

ASIC sues NAB over home loan 'introducer' scandal

National Australia Bank faces a lawsuit from the corporate watchdog over a scandal involving its use of home loan "introducers," in which NAB paid lucrative commissions to real estate agents, lawyers, sports clubs and others in exchange for customer leads. It looks set to be a landmark case that could attract a maximum penalty of more than \$500 million. <https://www.smh.com.au/business/banking-and-finance/asic-sues-nab-over-home-loan-introducer-scandal-20190823-p52k3g.html>

ASIC to review industry transition towards ending grandfathered remuneration for financial advice

ASIC is investigating the progress of transition away from grandfathered conflicted remuneration arrangements for financial advisers. The investigation will review the steps taken by industry participants from 1 July 2019 until the 2021 deadline. <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2019-releases/19-218mr-asic-to-review-industry-transition-towards-ending-grandfathered-remuneration-for-financial-advice/>

More than half of us have lost money due to financial services misconduct: study

The most common problems cited in the survey are “inappropriate but not illegal” issues such as high fees, being offered credit cards or increases to credit limits when not requested, poor or misleading information and being charged for services that were never received. [https://www.abc.net.au/news/2019-08-19/customers-may-have-lost-\\$201b-due-to-financial-misconduct/11422376](https://www.abc.net.au/news/2019-08-19/customers-may-have-lost-$201b-due-to-financial-misconduct/11422376)

IN PRACTICE AND COURTS

[Mortgage stress and precarious home ownership: implications for older Australians](#)

Australian Housing and Urban Research Institute: 27 August 2019

This research investigated the growing numbers of middle-aged and older Australians who are carrying mortgage debt into retirement and paying off higher levels of debt relative to house values and income. Between 1987 and 2015, mortgage debt among older mortgagors increased by 600% (from \$27,000 to over \$185,000). These trends have significant consequences for older Australians.

[APRA strengthens rules to combat contagion risk within banking groups](#)

The updated Prudential Standard APS 222 Associations with Related Entities (APS 222) will further reduce the risk of problems in one part of a corporate group having a detrimental impact on an authorised deposit-taking institution (ADI). The new APS 222 will come into effect from 1 January 2021. The updated prudential standard and reporting standards are available at [Revisions to the related parties framework for authorised deposit-taking institutions](#).

[ASIC's Report: Financial advice: What consumers really think \(REP 627\)](#)

The report presents independent research into consumer experiences of, and attitudes towards, financial advice and the advice industry. The research focused on the overall use of financial advisers, motivators and barriers to seeking personal advice and consumer attitudes towards the financial advice industry.

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[ABA: Royal Commission Update](#)

On 19 August, the Federal Government released its Royal Commission implementation roadmap. The roadmap sets out timelines for consulting on and introducing relevant legislation for each of the recommendations. For all recommendation measures requiring legislation and introduced into the Parliament before 1 July 2020, the Government expects the majority to commence by 1 July 2020 or when they receive Royal Assent. A summary of the industry's progress can be found [here](#).

[IASB proposed amendments to IFRS 3 Business Combinations](#)

The amendments would update a reference to the *Conceptual Framework for Financial Reporting* without changing the accounting requirements for business combinations. IFRS 3 specifies how a company should account for the assets and liabilities it acquires when it obtains control of a business. View the Exposure Draft Reference to the Conceptual Framework.

LEGISLATION

Commonwealth

[Financial Sector \(Shareholdings\) determination No. 1 of 2019](#)

22/08/2019 – This instrument determines the Financial Sector (Shareholdings) Rules 2019 made under subsection 45A(1) of the Financial Sector (Shareholdings) Act 1998.

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