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Service: Banking & Finance
Sector: Financial Services

Restoring trust in Australia's financial system – Financial Services Royal Commission implementation roadmap

The Australian Government has released the Financial Services Royal Commission Implementation Roadmap.

On 19 August 2019, the Australian Government released the Financial Services Royal Commission Implementation Roadmap. The Roadmap is aimed at clarifying how the recommendations made in the Banking Royal Commission will be actioned by the Government, regulators and the industry as a whole. It includes a detailed timeline and date targets on how the Government will implement the recommendations of the Final Report as well as regulator action and industry implementation. The Roadmap has been heralded as providing more certainty to consumers about when legislation will be implemented to address each of the 76 recommendations put forward by Commissioner Hayne.[1]

The Government has, and is continuing to work on their reform agenda and to date has enforced 15 commitments and has progressed publicly to implement another five.[2] They have also provided ASIC and APRA additional funding in the 2019 and 2020 Federal Budgets to assist in strengthening their enforcement and supervision activities. [3]

Furthermore, the Government has formed the Financial Services Reform Taskforce and the Implementation Steering Committee comprising of senior executives from the Treasury, ASIC and other agencies to ensure the reforms are effectively implemented.[4] Treasurer Josh Frydenberg said that more than 50 of the 54 recommendations that called for Government action will have been implemented or be subject to legislation by the middle of next year.[5]

Appendix A outlines the suggested timeline for implementing recommendations and additional commitments which require Government action. To improve consumer protections the Government intends to introduce by the end of 2019:

- Recommendation 1.2 – Mortgage broker best interests duty;
- Recommendation 1.3 – Mortgage broker remuneration (consistent with the Government's response);
- Recommendation 2.4 – Ending grandfathered commissioners for financial advisers (legislation introduced on 1 August 2019);
- Recommendation 4.2 – Removing the exemptions for funeral expenses policies;
- Recommendation 4.7 – Application of unfair contract terms provisions to insurance contracts; and
- Recommendation 4.8 – Removal of claims handling exemption for insurance.

To strengthen financial regulators, there will be additional commitment to:

- ASIC's search warrants powers;
- ASIC's telecommunications interceptions powers;
- ASIC's licensing powers; and
- ASIC's power to ban people in the financial sector.

Appendix B outlines ASIC and APRA's suggested timeline for regulator action. Appendix C outlines the Australian Banking Association (ABA), individual banks, Financial Services Council (FSC) and the Insurance Council of Australia (ICA)'s timeline for industry implementation.

After three years, the Government will establish an independent review to evaluate the changes made in industry practices and the extent to which they have improved consumer outcomes and the need for continued reform.

[1] Peter Ryan and Jade Macmillan, 'Federal Government reveals timeline to implement its 54 banking royal commission recommendations' (ABC News article, 20 August 2019)
[2] Australian Government, 'Restoring Trust in Australia's Financial System – Financial Services Royal Commission Implementation Roadmap' (Report, 20 August 2019) 2.
[3] Ibid 4.
[4] Ibid 5.
[5] Ryan and Macmillan, above n 1.