

BULLETIN

All members



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Banking Royal Commission Final Report – Key Findings

The final report of the Hayne royal commission into *Misconduct in the Banking, Superannuation and Financial Services Industry*, was released on 4 February 2019. The final report includes 76 recommendations, many of which relate to the operations of the retail automotive industry.

These automotive specific recommendations include:

- that retail dealers acting as a broker for loan applications would be required to hold an Australian Credit License (ACL) and comply with the National Consumer Credit Protection (NCCP) Act. (Recommendation 1.7)
- that a deferred sales model be established for the sale of add-on insurance products (except for comprehensive motor insurance) (Recommendation 4.3)
- that ASIC impose a cap on the amount of commission that is paid to vehicle dealers in relation to the sale of add-on insurance products. (Recommendation 4.4)
- to apply unfair contract terms to insurance contracts (Recommendation 4.7)

Other recommendations contained in the report that may also have implications for automotive businesses include:

- making some provisions of industry codes enforceable (Recommendations 1.15, 1.16 and 4.9) to give certainty and enforceability to the terms of the contract between a financial services entity and its client or a guarantor
- amending the definition of a 'small business' in the Banking Code to include businesses with fewer than 100 employees and where the loan is less than \$5 million (Recommendation 1.10)
- the enactment of a national scheme of farm debt mediation (Recommendation 1.11)
- the valuation of land (Recommendation 1.12), the charging of default interest (Recommendation 1.13) and how banks should deal with distressed agricultural loans (Recommendation 1.14)
- prohibiting hawking of superannuation products (Recommendation 3.4) and insurance products (Recommendation 4.1)
- that a person should have only one default superannuation account (Recommendation 3.5)
- about the trustee's conduct in influencing the way employers choose default superannuation funds (Recommendation 3.6)

VACC will provide further advice to members as these recommendations are considered and acted upon by government, including the strength of government's actions to rebuild trust. A link to the final report is contained here: [Restoring trust in Australia's financial system](#).

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