



John Laker has been appointed to head the inquiry.

### **Australian Prudential Regulation Authority names trio for Commonwealth Bank inquiry**

Paul Gilder, Herald Sun

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THE chairman of an organisation charged with upholding ethical standards in the finance industry will head a regulatory inquiry into the Commonwealth Bank's culture and governance. In an appointment that sends a symbolic message to the CBA, Banking and Finance Oath chairman John Laker will lead the Australian Prudential Regulation Authority's three-member panel to undertake a six-month inquiry.

CBA chief Ian Narev and chairwoman Catherine Livingstone are among signatories to the Banking and Finance Oath — a code of conduct developed in the wake of the financial crisis, espousing that trust is the “foundation of my profession”.

Dr Laker, 67, is also the predecessor of APRA chairman Wayne Byres.

He will be joined on the panel by Woolworths director and former Reserve Bank board member Jillian Broadbent and former competition tsar Graeme Samuel.

Ms Broadbent brings to the panel vast experience in risk management and governance, and serves on Woolworths' audit, risk, management and compliance committee.

Notable victories during Mr Samuel's eight-year tenure as Australian Competition and Consumer Commission chairman include busting cartel behaviour in the nation's packaging industry and fining Optus for issuing misleading statements in its broadband offers. Dr Laker headed APRA for 11 years and also worked in the RBA and federal Treasury.

He has been vocal in urging industry leaders to sign up to the Banking and Finance Oath, which has been criticised in some quarters as tokenism.

Mr Byres said yesterday: “APRA is pleased to have secured the services of three highly experienced and credentialed panel members to conduct the prudential inquiry.”



Former Reserve Bank board member Jillian Broadbent.

The inquiry will assess whether there are shortcomings in the CBA's governance, culture and accountability practices — and recommend ways to address these if discovered. It will probe whether the CBA has adequate procedures for reporting matters of concern and whether its financial goals or remuneration structure, among other areas, conflict with sound risk management.

The panel will deliver a progress report to the banking regulator by the end of January and a

final report before May.

Mr Byres announced the inquiry last month after the federal government's financial intelligence agency, Austrac, launched civil proceedings against the CBA.

Austrac alleged the CBA had systemically breached money-laundering and terrorism-financing laws between 2012 and 2015 by failing to report thousands of large transactions through its smart ATM network. The CBA's reputation had already been dented by episodes including a scandal in 2014 over dodgy financial planning advice and last year's CommInsure claims saga. The Austrac revelation sent shockwaves through the investment community and hammered the CBA's share price, which has lost 13 per cent — about \$19 billion in market value — since it was aired early last month.

The CBA said in a statement it welcomed the appointment of the trio and looked forward “to providing them with our full co-operation”.

It comes as speculation swirls around who could replace Mr Narev, who will exit the CBA by June, with Royal Bank of Scotland chief Ross McEwan the latest name added to the mix.

Reports out of Britain overnight on Thursday said New Zealand-born Mr McEwan, 60, would be a leading candidate.

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