

EMBARGOED UNTIL 12 MARCH 2019

In 2016, the Australian Banking Association (ABA) commissioned me to conduct an independent review of the remuneration practices and product-based payments in retail banking in Australia. The 21 Recommendations arising out of that review were published in my April 2017, [Retail Banking Remuneration Review, Report](#). I had recommended that banks should begin as soon as possible and implement my Recommendations by no later than the performance year commencing in 2020.

The ABA has commissioned me to prepare and publish a report on a mid-term independent industry level assessment of progress in implementing the Recommendations of the 2017 Review.

The current assessment addresses the policies that banks have adopted (or have firm plans to adopt) in respect of variable remuneration, performance management and the desired workplace culture. Although feedback provided by some staff is included in this report, a systematic assessment has not been conducted into how effectively the policy changes have been implemented in practice; or of the success of those banks that are seeking to change their culture. It is simply too early to do so. These will be matters for a further review in 2021.

Overall, while banks are moving at different speeds in implementation for reasons outlined in my report, substantial progress has occurred. Although most banks have more to do, the clear and positive trend is towards policies that will be consistent with the Recommendations in respect of retail bank staff well in advance of 2020. The implementation of changes to secure consistently each bank's desired sales practices and culture are ongoing.

Progress is generally slower and much more mixed in respect of Recommendations that relate to third parties. Although substantial reforms to governance seem to be in prospect, changes to broker remuneration to date have been modest. The situation in respect of third parties is complicated by differences in the preferred policy positions of key regulators and reviewers, which hopefully should be resolved by the time of the 2021 review.

I have taken the opportunity in this report to highlight emerging issues I noted through the course of this assessment and issues that at least some banks should address in their ongoing work to implement my 2017 Recommendations. The detailed results of my assessment, findings and supplementary recommendations are contained in my report available at www.betterbanking.net.au/remreview

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