

## **Update on Progress of the Independent Review of product sales commissions and product based payments in retail banking as at 15 December 2016.**

The Review remains on track to report around end March 2017.

The Reviewer has completed a substantial round of informative consultations with banks and other interested parties.

Substantial information and data has been received, which is currently being analysed.

The Reviewer wishes to thank those consulted for the cooperative spirit in which those discussions took place. A full list will be published with the final report.

Where consent has been obtained, submissions received have been published on the Review's website.

Banks have provided detailed and confidential information to the Review about their remuneration structures and practices and associated compliance and governance arrangements, in respect of retail banking employees and their supervisors and near-managers.

Similar information has also been provided in respect of each bank's relationships with third party providers, such as brokers or referrers.

The ABA and banks have also provided information generally about how these practices have changed over recent years to take account of legal requirements, commercial needs, customer expectations and changes in workplace arrangements.

Analysis of this material is now at an advanced stage.

It will be drawn on to provide an overview of current practices in Australia, which will be published in an Issues paper to be released in the second half of January 2017 via the Review website.

At my request, banks have also agreed to fund a survey to assess equivalent practices overseas. A sample of significant banks operating in the United Kingdom is being surveyed, acknowledging that significant changes have occurred to remuneration structures and practices in the United Kingdom recently and changes to the availability and cost of financial advice.

Although the regulatory environment is in some ways more restrictive than in Australia currently, an examination of the remuneration practices of banks in the United Kingdom may throw light on issues that are relevant to the Review.

The results of the analysis of the situation and data in the United Kingdom will only become available after the release of the Issues Paper and will inform the development of subsequent Reports.

Also to support the Review, an analysis of legal requirements is being prepared in collaboration with legal advisers to the Review.

A number of significant issues have emerged during the Review on which views and feedback will be sought from banks, other key stakeholders, and the general public.

These will be canvassed in the Issues paper in January.

The Reviewer will seek further submissions from banks, other interested parties, and the general public on the issues raised in the paper (or on other matters considered relevant by authors).

At this stage, it is expected that such submissions will be required by about mid-February.

Feedback about the issues raised will greatly assist the Review, and the Reviewer thanks submitters in advance.

Submissions may be published on the Review website, with the consent of the author(s).

Authors will be asked to indicate whether they consent to publication when their submission is lodged. Their wishes will be respected.

Key stakeholders will be given an opportunity to discuss their submission in a further round of consultations in February.

The final report is expected to be published around the end of March 2017.

**Stephen Sedgwick AO**  
**Reviewer**