When the CEOs of the four major banks fronted the House Economics Committee , the common thread was that accountability does not lie with them. Even after a decade of scandals like interest rate rigging , gouging of interest-only mortgagees and alleged money laundering .

In August, AUSTRAC filed a claim against the Commonwealth Bank for some 52,000 infringements of money laundering laws, and ASIC finally got to hear about it.

The true hierarchy of power and the realities of regulators' supposed independence were laid bare by Commonwealth Bank Chairwoman Catherine Livingstone when relating the sequence of events:

We were having board meetings at the time I was being called to Canberra by the Treasurer. When the board meeting, which went over multiple days, finished, which was lunchtime on the Wednesday, I immediately phoned the other two regulators, ASIC and APRA

Obviously, the Treasurer pulls the strings and banking regulators are last to know.

The whole charade illustrates why the Treasurer's latest piece of regulatory fiddling around, the Banking Executives Accountability Regime (BEAR), is a waste of time and money .

Where is the personal accountability?

First and most obvious, none of the many issues addressed in the Committee's hearings would fall under the new BEAR legislation because they do not threaten the prudential standing of the banks.

The issue of collective, as opposed to individual, accountability was brought into the open by Ms Livingstone in another exchange.

The CBA board's remuneration committee had OK'd a performance bonus for the bank's senior staff even though the money-laundering problems had been known for at least a year. This decision was partially reversed after the AUSTRAC allegations came to light:

The board took the view that there was collective accountability at the board and the senior executive level for the impact on the reputation of the bank of AUSTRAC pursuing civil proceedings. So in recognition of that collective accountability, we determined to reduce the bonuses to zero and to take the penalty on the directors' fees.

When pressed by a committee member about individual accountability for the scandal, Ms Livingstone gave the standard response:

No, the issue, as I've said, is that we have to actually go through all the processes through our subcommittee to determine the facts and where the individual accountability lies.

And when he, too, was pressed, Commonwealth Bank CEO Ian Narev fell back on the old "this is the subject of legal proceedings" response. No sign of anyone standing up and taking personal responsibility for any of the numerous scandals that CBA has been involved in over the past decade.

Nor will they have to under the BEAR, because the bar has been set too high to hold any one individual to account. But lest it be thought that CBA was the only bank to run away from accountability.

In the session with the CEO of NAB, Andrew Thorburn , the committee opened the touchy issue of why no-one had taken the hit for the scandal where some 220,000 customers had to be reimbursed for “incorrectly charged fees for financial advice”.

When asked why the then head of the bank’s wealth unit had received an increased bonus and had been promoted, Thorburn countered that he thought that the manager concerned:

does understand accountability. He’s been before a number of committees. He speaks to me a lot and speaks to our board a lot. I think he does understand it.

So for NAB, accountability is attending meetings and talking to bosses. By that definition almost everyone in NAB is “accountable,” so no need to regulate?

Nor is NAB alone. In the first set of hearings , Brian Hartzer, CEO of Westpac, was questioned about the enforceable undertaking (EU) signed with ASIC concerning the manipulation of foreign exchange benchmarks. He replied that “none of the traders involved are with us anymore”.

Fair enough, but what about the senior managers involved, do they still work for the bank?

The most senior executives do, yes, but that is after looking very carefully at the steps that they took both before and after to deal with the issue. I can say — and I think ASIC will agree — that the response of our executives when this issue emerged has been exactly what you would want in terms of getting into the detail and making sure control issues were addressed.

So actions, such as colluding with competitors to rig the BBSW rate did not trigger any accountability issues, beyond the alleged perpetrators. This says everything about where Westpac considers accountability lies, i.e. with the person who gets caught?

And finally ANZ Bank, where CEO, Shayne Elliot, discussed the “hypothetical” that ANZ would settle the long-running BBSW case with ASIC. Not completely hypothetical as ANZ settled the case a few days later, after what had been prolonged negotiations.

In the light of the ASIC settlement for a reputed A$50 million , Elliot’s response was illuminating as regards individual accountability. When asked, “are there any of those potential bonuses affected that now won’t be vesting because of things that you’ve uncovered in the course of dealing with this case?”:

Not to my knowledge. We have a lot of people at the bank. There’s a list of equity and deferred comp that vest in people now-ish, and we’re going through the process of approving and making sure that those things should still take place. I’m not aware that any of those individuals [who had left the bank] are receiving any, but I might be wrong. I’d have to go back and check.

Given the impending payment of some A$50 million of shareholder’s money, one would hope that going back and checking was not necessary, but the off-hand answer illustrates where ANZ considers accountability lies - that is, with the last person to leave the bank.

The common thread of the CEOs’ responses to questions of where does individual accountability lie is “not with us”. Even after considering the government’s new BEAR legislation, the concept of individual accountability for wrongdoing by employees appears to be completely alien to the senior leaders of these banks.

With such a lack of understanding, the BEAR legislation is doomed and should be put out of its misery.

Read more http://theconversation.com/for-bankers-acountability-does-not-start-at-home-86312