The chairwoman and CEO of AMP have resigned after the company admitted to charging for advice never provided and lying to clients and regulators. But no banking CEOs have been toppled despite the Financial Services Royal Commission unearthing instances of fraud, bribery, impersonating customers, failures to report misconduct to regulators and other poor behaviour.

Similar conduct in the United States has resulted in bank executives and directors being forced to resign. That this is not happening in Australia shows how the Australian Securities and Investments Commission (ASIC) and the Australian Prudential Regulation Authority (APRA) aren't using their full powers to take action on the banks' bad behaviour.

APRA already has the power under the Banking Act to remove someone from a bank board and install its own nominee. The recently enacted Banking Executive Accountability Regime has given APRA more power to remove directors and install new ones.

So ASIC and APRA are not bedevilled by a lack of power, but by a lack of willpower.

In 1998 the Wallis Inquiry hived off the consumer protection and market conduct functions from the Australian Competition and Consumer Commission (ACCC) and gave these to ASIC. Professor Ian Harper, a member of the inquiry, now concedes that may have been an error.

The ACCC is an excellent regulator, with a long history of being a tough cop. Handing the consumer protection and market conduct function back to the ACCC is a step that federal Treasurer Scott Morrison should take now.

Read more: Why the new banking laws won’t be the slam dunk the government is expecting

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The royal commission heard that a Commonwealth Bank subsidiary was billing customers for ongoing service after their deaths . But no executives have been sacked for this.

Indeed, Matt Comyn, who was responsible for this division from 2012 onwards , has been promoted to Commonwealth Bank CEO. Former CEO Ian Narev has been permitted to sail off into the sunset with bonuses intact.

This shows ASIC is the same, or worse, than what it was in 2014: a timid, hesitant regulator, too quick to accept the assurances of regulated entities .

Read more: ***Australia's financial regulators need policing***

Despite United States authorities being widely regarded as weak in standing up to their banks, American CEOs are being held accountable.

Take the example of John Stumpf, chairman and CEO of Wells Fargo, the biggest retail bank in the US. Under his direction Wells Fargo staff had been opening multiple accounts for clients , with neither their knowledge nor their consent, and then charged account-keeping fees.

When the scandal hit, Stumpf was hauled before the US Senate . He performed so disastrously that the board told him he needed to go straight away .

No one is suggesting Stumpf knew about the fraud, or that Comyn knew that CBA was charging fees for advice to dead people. But Stumpf's misstep caused his departure. Why is no one suggesting Comyn must go?

This is the true state of the Australian financial sector: bank executives and CEOs who could be facing criminal charges, and should have resigned, don't even acknowledge the buck stops with them.

Regulatory failure

And if there is any doubt about the need to get cracking, here is the knockout blow: UBS has downgraded Westpac shares because the royal commission revealed that the percentage of "liar loans" in the bank's A$400 billion loan book may be much higher than stated, or even than Westpac itself is aware of.

This is the culmination of ten years of cowboy behaviour in a financial system that now resembles the Wild West.

This is what happens when compliance culture breaks down, which in turn is a function of regulatory oversight and enforcement. Put differently, our regulators have failed to act for so long that the problem is assuming systemic proportions.

What will be interesting to see is whether the APRA inquiry is another whitewash. I half suspect that if it failed to excoriate CBA it would look pretty silly.

Let's hope the panellists understand that. But if they don't, then they must be called out.

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