Commonwealth Bank Australia

Introduction:

Commonwealth Bank Australia is associated with corporate bodies to commit to their working strategies to provide the customers with fulfilling experience of their financial needs and requirements. CBA strives to become a better on ground and provide the customers an easy and hassle-free banking experience, by practicing and implementing new laws and regulations, to meet the expectations of the customers and investors.

The company's board is comprised of; Chief Executive Officer (CEO), 1 Independent Non-Executive Director - Chairman, 1 Executive Director, 8 Independent Non-Executive Director, with Four Principal Board Committees; Audit Committee, Nominations Committee, People & Remuneration Committee, and Risk and Compliance Committee. The spotlight is on the Board because the board is responsible for any mismanagement or performance of the company. The board will be held responsible for any of the Bank's underperformance in the field, as it is responsible to carry out and strategize goals and objectives it also plays a major part in sculpting the culture and values the Bank would be embarking on.

The responsibility lies on the shoulder of the board for setting and implementing strategies and goals for the Bank (CBA). Bank's Managing Director and Chief Executive Officer (CEO) is appointed by the board. Together they take care and keep through surveillance on the management, performance, and corporate governance structure framework of the Bank. The Board Charter and the Board's Reserved Powers and Standing Delegations document states that the board has certain powers treasured for itself, where certain matters concerning legal standing needs an eye and pillar of board for approval.

The Board Committees under the framework of the corporate governance often get certain powers delegated by the Board. The Board can also form other committee if they would want to delegate some specific duties at their discretion. The delegation power resides solely with the Board, the CEO has the power granted by the Board in proper functioning and managing business of the bank. The Executives and other officers again can be delegated some powers by the CEO under the instrument of delegation. On the furtherance, for any managerial performance and its outcome the CEO will be held accountable to the board, despite the delegations by the CEO.

The company too is equipped with management and both financial and non-financial risks policies which calibrates to an optimal standard performance level of the company through a Risk Management Framework which is too looked after and managed by the Board.

The structure of the company does play the most important part in the successful running of the business. This structure would need the following characteristics of the board for the functioning of the company to operate in a successful and responsible manner:

1. Qualified Board of Directors: Boards must appoint and have qualified directors who is equipped with good knowledge and expertise about the working arena related to the

business and should have good amount of tactics and skills sets to perform their duties.

2. Roles and Responsibilities: The Board should have clearly drawn a line of accountability amongst the Chairman, CEO, Executive Officers and the Management of the company, to avoid any clashes amidst the commitment and performance of duties aligned or delegated.
3. Ethics and Integrity of the company: The directors and other members of the company should refrain themselves in having any interest in the company matters and should behave with integrity in business dealings with due respect to laws and compliance of the framework.
4. Risk Management Framework: The company must have risks sorted and identified on a regular basis, these risks may include, financial, operational, legal, etc. The framework is designed to address the risk to the Board and mitigate it before it spreads and becomes more serious. The company is embarked with certain set of enhanced policies to oversee and take decisions in the favor. The policies marked in the CBA inclusions are as follows:

- Code of Conduct
- Whistleblower Protection
- Anti-bribery and Corruption
- Diversity and Inclusion
- Slavery and Human Trafficking (Exploitation)

Apart from the above-mentioned policies that CBA is embarking on, there are certain facts and news that came up in certain areas where policies of the company are overlooked:

• Discrimination:

“Commonwealth Bank settles discrimination claim by blind Australians over touchpad devices” – ABC News

- Where, Andy Ware, said that, the terminals of the commonwealth banks are difficult for blind and impaired vision people to use, as there are no prescribed button points on the pad for the vision-impaired ones and hence is discriminatory by nature.

- The case was filed by two blind Australians in the Federal Court. One of them was Nadia Mattiazzo.

- Nadia Mattiazzo and Graeme Innes (Former disability discrimination commissioner) they started with the landmark discrimination case over the devices against the banks in 2018.

- Thereafter, the case was settled by Commonwealth bank, with introducing new update via software and training to those who are impaired by vision for better accessibility and working in the banking terminals.

• Corruption:

“Two former CBA employees charged with Fraud” – Mortgage Business.com

- Two employees of the major bank (CBA), one former Senior Manager and former Manager was charged with fraud after misappropriating half a million dollars from the internal accounts allegedly.
- The senior manager did nearly $463,240 of fraud from the internal accounts. And the other employee's fraudulent transactions were totaling $64,000.
- CBA spokesperson said, that the bank is having zero tolerance policy and no such activities or behavior will either be promoted or to be vouched for which undermines the code of conduct of the CBA policies and processes and straight away there is termination and removal from the term of employment, having said it was all intentional and done knowingly.

• Dishonest And Fraudulent Behavior:

"Bank manager hid employee's fraud to hide his own $500,000 fraud – SMH

- CBA senior manager didn't report the fraud of his employee to cover his own account of fraud of $500,000 which implies dishonesty.
- Lee Zaragoza, senior manager of CBA works in the banking payment operations unit, was accused of his habit in gambling where he used the internal accounts of the bank and transferred $463,240 nearly half a million dollars to fund his own interest in gambling. The Fraud was very smartly disguised as reimbursements referred to the fraudulent transactions between 2015 and 2016.
- They were charged with financially dishonestly obtaining advantage by deception, which led to termination and removal from the employment.

• Protection For Whitsleblowers:

- CBA in its own Group's policy says that it holds a great importance to value and cultivate the culture of speaking up if something you see is not right. The company encourages the employees to come up with the issues and concerns about anything which they feel is not right that is happening around, that could be any sort of misconduct or misappropriation of any illegal activity.
- The CBA adds to it, that they have come up with SpeakUP channels for any informal discussion on such matters, which is a great initiative and an opportunity to every individual to come up with their concerns through this channel, it is also available to third parties to raise their concern while working and getting services from the Group.
- The Company is having Whistleblower Protection Officer, the officer's role is to protect whistleblowers from misconduct and retaliations. Misconduct Governance Committee in the company is formed to review the effectiveness of the program of whistleblower which includes senior executives who report to the CEO of the company.

As per the guidelines mentioned by the CBA in its corporate governance structure, company is initiating thorough measures to oversee the management and the performance of the business. However, in relation to the issues company dealing with, corruption and dishonesty, its quite clear that the books are getting properly audited and the governing bodies such as ASIC, ACCC, AUSTRAC are keeping proper eye and insight about the company's transactional activities and provision of sufficient resources to the auditors and enforcing authorities to carry out the investigations whenever necessary. The Bank is moreover focused to provide the

customers and the communities with both financial and operational well-being. Because it is the customer who makes the rapport of the company, and hence is the question of sustainability.

Company’s stated values are:

1. Integrity: Committing to what is right.
2. Accountability: Being responsible enough.
3. Collaboration: Working with and by the team.
4. Excellence: Giving it all
5. Service: Complying to help and work for the people and the community.

Opinionated Conclusion:

In my opinion, the company needs a big cultural transformation, according to Banking Royal Commission, CBA and other big four banks which lack customer-centric environment because they are more focused in upgradation of banking computer systems than prioritizing customers’ requirements. Also, with my understanding through the research, cultural change is the big challenge. One of the articles also states, Strict consequence management, policies are needed for the big change. Because banks are for customers, and upgradation to customer centricity and maintaining ethics should be the most important value that is required to be embedded in the governance structure. A very good article from Australian Financial Review suggests the same in accordance to banks and their values. The question still is the same, “Are the customer important?”