








Page Title	Unit Launch	Type	Text and Static Image / Graphic	Number	1
Screen Layout					
					
Event	Audio	On-Screen Text (OST)			
1.		Professional Banking Fundamentals Chapter 1 – The Business of Banking and the Economic Environment The Development of Banking in Australia Let's Get Started			





Page Title	Navigation	Type	Text and Static Image / Graphic	Number	2
Screen Layout					
Event	Audio	On-Screen Text (OST)			
2.	NII	<p>This unit will take approximately 20 minutes to complete.</p> <p>To navigate through this unit, there are arrows to continue next and go back.</p> <p>This unit is one several in the Business of Banking chapter. A Knowledge Check will be provided at the conclusion of the chapter to assist in reinforcing your learning. This does not count towards your final exam.</p>			
Page Title	Learning Introduction/ Objectives	Type	Text and Static Image / Graphic	Number	3
Screen Layout					



<div><div>PROFESSIONAL BANKING FUNDAMENTALS</div><div>Development of Banking</div><div>Introduction</div><div><p>The banking sector in Australia is a relatively young industry in comparison to those found in other countries, for example, the Bank of England was established in 1694, but it has evolved rapidly to become an integral part of Australia's and the world's economy.</p><p>By the end of this module you will be able to articulate many key points and development milestones of the banking sector in Australia over the past 200 years</p></div></div>				
Event	Video/Audio	On-Screen Text (OST)		
		<p>The banking sector in Australia is relatively young in comparison to those found in other countries. For example, the Bank of England was established in 1694. However, banking in Australia has evolved rapidly to become an integral part of Australia's and the world's economy.</p> <p>By the end of this unit you will be able to articulate key milestones and developments that have influenced the banking sector in Australia over the past 200+ years</p> <p>Click here to begin</p>		

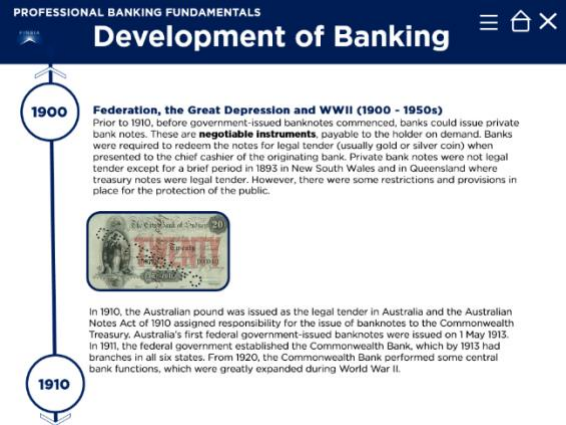
Topic 1: The Development of Banking in Australia

Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 1	Number	4
Screen Layout					

<div> <div>PROFESSIONAL BANKING FUNDAMENTALS</div> <div>Development of Banking</div> <div>    </div> </div>				
<div> <div>The following is a chronological history of banking in Australia:</div> <div> <div>1800</div> <div>  </div> </div> <div> <div>1900</div> <div>  </div> </div> </div>				
Event	Audio	On-Screen Text (OST)		
3.	None	<p>The following is a chronological history of banking in Australia;</p> <p>Banking in the 1800s and early 1900s</p> <p>The first bank in Australia was the Bank of New South Wales, established in 1817 in Sydney. The discovery of gold in 1851 led to the minting of Australia's own gold coins and spurred the development of banking. A number of banks were established and opened branches throughout Australia between 1850 and 1910. During this time, a number of these banks merged and became the major banks we know today.</p> <p>A speculative boom in the Australian property market in the 1880s led to the Australian banking crisis of 1893. This was in an environment where little government control or regulation of banks had been</p>		




		established and led to the failure of 11 commercial banks		
		Click here to progress timeline		

Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 2	Number	2
Screen Layout					
		<p>Event</p> <p>4.</p>		<p>Audio</p> <p>None</p>	
		<p>On-Screen Text (OST)</p> <p>Federation, the Great Depression and WWII (1900 - 1950s)</p> <p>Prior to 1910, before government-issued banknotes commenced, banks could issue private bank notes. These were negotiable instruments, payable to the holder on demand. Banks were required to redeem the notes for legal tender (usually gold or silver coin) when presented to the chief cashier of the originating bank. Private bank notes were not legal tender except for a brief period in 1893 in New South Wales and in Queensland where treasury notes were legal tender. However, there were some restrictions and provisions in place for the protection of the public.</p>			



		<p>In 1910, the Australian pound was issued as the legal tender in Australia and the Australian Notes Act of 1910 assigned responsibility for the issue of banknotes to the Commonwealth Treasury.</p> <p>Australia's first federal government-issued banknotes were issued on 1 May 1913.</p> <p>In 1911, the federal government established the Commonwealth Bank, which by 1913 had branches in all six states.</p> <p>From 1920, the Commonwealth Bank performed some central bank functions, which were greatly expanded during World War II.</p>		
Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 3	Number 7
Screen Layout				



PROFESSIONAL BANKING FUNDAMENTALS				
Development of Banking				
<div><div>1930</div><p>The Great Depression of the 1930s brought a string of bank failures. In 1931, Commonwealth Bank took over two faltering state savings banks. By the end of the Depression era, banking in Australia had become tightly regulated. It was virtually impossible for a foreign bank to establish branches and consequently Australia had fewer banks than other countries. Banks in Australia were classified as either savings banks or trading banks.</p><ul style="list-style-type: none">• Savings banks paid virtually no interest to their depositors and their lending activities were restricted to providing mortgages. Many of these savings banks were owned by state governments.• Trading banks were essentially merchant banks, which did not provide services to the general public. As a result of these and numerous other regulatory restrictions, building societies and credit unions flourished as they operated under less stringent regulation. While they could provide and charge higher interest rates, they were restricted in the range of services they could offer.<div>1960</div></div>				
Event	Audio	On-Screen Text (OST)		
5.	None	<p>The Great Depression of the 1930s brought a string of bank failures. In 1931, Commonwealth Bank took over two faltering state savings banks. By the end of the Depression era, banking in Australia had become tightly regulated. It was virtually impossible for a foreign bank to establish branches and consequently Australia had fewer banks than other countries. Banks in Australia were classified as either savings banks or trading banks:</p> <ul style="list-style-type: none">• Savings banks paid virtually no interest to their depositors and their lending activities were restricted to providing mortgages. Many of these savings banks were owned by state governments.• Trading banks were essentially merchant banks, which did not provide services to the general public.		



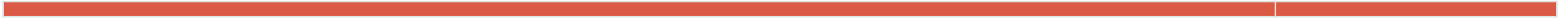
		<p>As a result of these and numerous other regulatory restrictions, building societies and credit unions flourished as they operated under less stringent regulation. While they could provide and charge higher interest rates, they were restricted in the range of services they could offer.</p>		
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Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 4	Number	8
Screen Layout					
Continue theme as per previous screens/examples					
Event	Audio	On-Screen Text (OST)			



6.	None	<p>New technology and early deregulation (1960s - 1970s)</p> <p>The Reserve Bank of Australia (RBA) was created on 14 January 1960 and assumed the central bank functions previously performed by the Commonwealth Bank.</p> <p>We'll learn more about the RBA in the Regulators and Legislation units later in the program.</p> <p>In the mid-1960s, the distinction between and separation of savings and trading banks was removed, and all banks were allowed to operate in the money market (traditionally the domain of merchant banks). Banks were allowed to set their own interest rates and building societies could take deposits from the public.</p> <p>In 1969, the rollout of automated teller machines (ATMs) commenced as banks sought to reduce operating costs. The use of the Bank State Branch (BSB) identifier was introduced in the early 1970s which automated the process of data capture by the banks and is still used today.</p>		
Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 5	Number 9
Screen Layout				
Continue theme as per previous screens/examples				
Event	Audio	On-Screen Text (OST)		

7.	None	<p>Deregulation and concentration (1980s)</p> <p>In late 1981, the Campbell Committee of Inquiry into the Australian Financial System was published with recommendations to move away from regulating a range of financial activities. Banks and other financial institutions had much greater freedom to respond to competitive market signals and customer requirements, subject to meeting minimum prudential standards designed to protect depositors and maintain the stability of the financial system.</p> <p>Beginning in the 1980s, several building societies sought to convert to banks, but were required to demutualise before they were permitted to do so. This included Advance Bank, St George, Suncorp, Metway Bank, Challenge Bank, Bank of Melbourne and Bendigo Bank.</p> <p>A change in regulation now allows building societies and credit unions to become banks without having to demutualise, and several, including Heritage Bank, have converted since 2011 while retaining their status and structure as mutual organisations.</p> <p>Foreign exchange controls were abolished, and the Australian dollar was permitted to float from December 1983.</p> <p>The boom and bust of the 1980s was another turbulent time for banks, with some establishing leading market positions, and others being absorbed by the larger banks.</p>		
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Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 6	Number	10
Screen Layout					
Continue theme as per previous screens/examples					
Event	Audio	On-Screen Text (OST)			
8.	None	<p>Ownership, Competition and Oversight (1990 - 2000s)</p> <p>Between 1991 and 1996 the Australian government's direct ownership of banks ceased with the full privatisation of the Commonwealth Bank.</p> <p>In 1990, the government adopted a 'four pillars policy' in relation to banking in Australia and announced that it would reject any mergers between the four big banks (ANZ, CBA, NAB and Westpac). The intent was to avoid further concentration of major bank suppliers in the Australian market. The four pillars policy, however, has not prevented the four major banks from acquiring smaller competitors. For example, CBA acquired State Bank of Victoria in 1990; The Colonial group in 2000; and BankWest in 2008. Westpac acquired Challenge Bank in 1995, Bank of Melbourne in 1997, and St George Bank in 2008.</p> <p>There was also increased competition from non-bank lenders, such as providers of securitised home loans. A category of ADI was created for a corporation which is authorised under the Banking Act 1959 to take deposits from customers. The change formalised the right of non-bank financial</p>			



		<p>institutions, such as building societies and credit unions, to accept such deposits.</p> <p>In 1998 following the Wallis Committee Report, oversight of the banks was transferred from the RBA to the Australian Prudential Regulation Authority (APRA). The Payments System Board (PSB) was created, which would attempt to maintain the safety and performance of the payments system.</p>		
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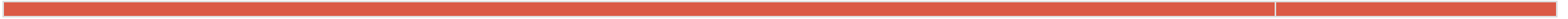
Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 7	Number	11
Screen Layout					
Continue theme as per previous screens/examples					
Event	Audio	On-Screen Text (OST)			
9.	None	<p>Post Global Financial Crisis (2000s)</p> <p>Since the events of 2008 and 2009, attention has been focused on the ways in which banks conduct themselves, with renewed emphasis on corporate governance, values and ethics.</p> <p>In 2013, former Treasurer Joe Hockey announced that the Financial System Inquiry (FSI) would be setting the direction for Australia's financial system to ensure "an efficient, competitive and flexible financial system" in the future.</p> <p>The Inquiry made recommendations on five specific themes:</p> <ol style="list-style-type: none"> 1. Strengthen the economy by making the financial system more resilient. 2. Raise the value of the superannuation system and retirement incomes. 3. Drive economic growth and productivity through settings that promote innovation. 4. Enhance confidence and trust by creating an environment in which financial firms treat customers fairly. 5. Enhance regulator independence and accountability and minimise the need for future regulation. 			



		<p>These recommendations sought to improve efficiency, resilience and fair treatment in the Australian financial system, allowing economic growth to be supported and standards of living for current and future generations to be enhanced.</p> <p>The Federal Government released its response to the FSI on 20 October 2015, accepting the majority of the recommendations.</p>		
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Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 8	Number	12
Screen Layout					
Continue theme as per previous screens/examples					
Event	Audio	On-Screen Text (OST)			
10.	None	<p>In January 2017, the Better Banking Program was launched following comprehensive research into what consumers like and don't like about banking, and what is needed to make banking better. Initiatives include:</p> <ul style="list-style-type: none">• An independent review of retail banking remuneration and overarching principles on how banks pay staff.• Getting problems fixed.• Resolving disputes.• Protecting whistle-blowers.• Stopping poor conduct moving around the industry.• An independent review of the Code of Banking Practice. <p>“Banks across the board are serious about change and rebuilding trust and confidence within the community. Introducing these initiatives will better protect customer interests and increase transparency and accountability... The banking industry is currently undergoing the greatest program of reforms seen in decades.</p> <p>It's vital that the momentum continues, so banks can meet the needs and expectations of the community.” ABA Chief Executive Anna Bligh</p>			






Page Title	The Development of Banking in Australia	Type	Transitional/Animated text Static timeline graphic – Screen 9	Number	13
Screen Layout					
Continue theme as per previous screens/examples					
Event	Audio	On-Screen Text (OST)			
11.	None	<p>The Royal Commission into Banking and Financial Services December 2017</p> <p>The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, was established on 14 December 2017 by the Australian government to inquire into and report on misconduct in the banking, superannuation, and financial services industry.</p> <p>The establishment of the commission followed revelations in the media of a culture of greed within several Australian financial institutions. A subsequent parliamentary inquiry recommended a Royal Commission, noting the lack of regulatory intervention by the relevant government authorities, and later revelations that financial institutions were involved in money laundering for drug syndicates, turned a blind eye to terrorism financing, and ignored statutory reporting responsibilities and impropriety in foreign exchange trading.</p>			



		<p>The Royal Commission conducted seven rounds of public hearings over 68 days, called more than 130 witnesses and reviewed over 10,000 public submissions.</p> <p>Commissioner Hayne submitted a final report to the Governor-General on 1 February 2019 with 76 separate recommendations. The final report and the government's response to the report were made public on 4 February 2019 which marked the conclusion of the inquiry.</p> <p>Want to know more? Visit the Australian Banking Associations website for oversight of the recommendations and progress made to date.</p> <p>Today's Banking Sector</p> <p>The banking industry has increased expectations of behaviour with a renewed focus on culture by the Government and regulators. A back to basics approach to banking with a core focus on rebuilding trust is generally being adopted, centred on the customer.</p>		
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Page Title	Completion/Next Steps	Type	Clickable buttons	Number	9
Screen Layout					
<div><div><div>PROFESSIONAL BANKING FUNDAMENTALS</div><div>Development of Banking</div><div>≡ ⌂ ✕</div></div><div><div><div>Well done!</div><div>You have completed the Development of Banking module</div><div>What would you like to do now?</div><div><div>Click here to see next unit</div><div>Click here to review this unit</div></div></div></div></div>					
Event	Audio	On-Screen Text (OST)			



12.		<p>Well done. You have now completed the Development of Banking in Australia unit.</p> <p>What would you like to do now?</p> <p>Click here to see next unit.</p> <p>Click here to review this unit.</p>		
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