



Copyright 2008 Fairfax Media Publications Pty Ltd  
For further information see Conditions of Use on  
[www.brw.com.au](http://www.brw.com.au)

Thursday, 26 February 2009

- [About BRW](#)
- [Events](#)
- [Advertise](#)
- [Newsletters](#)
- [Contact Us](#)
- [Network Sites](#)
  - [afr.com](#)
  - [AFR Market Wrap](#)
  - [AFR BOSS](#)
  - [AFR Magazine](#)
  - [AFR Smart Investor](#)
  - [Asset](#)
  - [CFO](#)
  - [FBR](#)
  - [MIS](#)

Search Enter Search Keywords

[My Account](#)

## Banks lead by bad example

[comments](#)

Thursday, 26 February 2009 | D'Angelo Fisher

Australian banks have never been known for their humility, so it would serve no purpose to expect any now. They may be right to assert that they have avoided the worst excesses of their overseas counterparts, but they still have much to answer for.

In the shadow of looming high unemployment, highly geared Australians find themselves burdened with crushing home loans, credit card debt and investment loans thanks to more easygoing times when banks were of a very giving disposition. How times have changed.

The fact that banks have revised their risk criteria so savagely and so suddenly illustrates how lax they had become. Their customers have

been left holding the can in the form of record levels of household debt, at a time when they cannot be sure of having a job tomorrow, if indeed they still have one. And just to show they are still calling the shots, banks are stubbornly refusing to pass on the full amount of official interest rate cuts to home owners.

Banks are adding to job insecurity by starving business of desperately needed capital.

Even business customers with previously unblemished relationships with their banks are now being told they are unacceptable risks.

Deserted by their banks, businesses find themselves stranded and alone amid the worst economic downturn since the Great Depression. If not humility, surely we can expect some leadership from the banks in these dire times?

Until now, banks have been big spenders on employee-engagement programs, culture building and the development of high corporate values - but bank employees are placing little faith in such enlightenment and are bracing for mass lay-offs and deep cost-cutting. After all, they've seen how their customers are being treated.

Curiously, although their behaviour suggests otherwise, the banking sector is mindful of how it is perceived. Banks believe they are undeserving of their poor reputation. Arrogant, haughty, contemptuous, out of touch - moi? Banks are right to be concerned about their reputation, but their challenge is to do something about it, rather than cry foul. But don't expect change any time soon.

When a gaggle of National Australia Bank executives, including new chief executive Cameron Clyne, flew to San Francisco recently on a shareholder-funded junket, the arrogance was breathtaking, even by banks' standards. The purpose of the trip was to enable executives to attend a "leadership development" program.

The fact that Clyne and his team thought it was prudent to go at this time shows a distinct lack of sensitivity - and leadership.