

Dealing with Royal Commission into Australian Banks: Emerging Research Agenda and Managerial Implications

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Abstract

Australia was the only developed country to avoid a technical recession during the 2008 global financial crisis, but ten years later, Australian banks now must deal with allegations of misconduct which warrants establishing a royal commission into the financial sector. This conceptual paper offers a theoretical and managerial exploration of the implications of the commission's findings on the Australian banks, their marketing and brand crisis management. This paper reviews the literature on trust repair, brand reputation and financial services marketing management to identify relevant research agenda and managerial implications. A series of propositions are put forward towards academic researchers – to theoretically explore these emerging issues as presented in the research agenda and offer actionable insights and Managers – to consider the identified managerial agenda as they deal with consequences of the commission's findings which includes trust repair, brand reputation and marketing management. This study had made an initial effort to chart the course for the scholarly understanding of the consequences of the Royal Commission on Australian banks marketing. By this, the academic research community can assist managers in developing effective marketing strategies. Researchers seeking to work on the agendas put forward in this paper would be able to gain links with and possibly attract funding from, banks to conduct their research. There is a shortage of knowledge around this subject, as it is an evolving situation within the Australian financial sector. These conceptual paper raises an agenda to fill the gap in knowledge and provide empirical insight for academic researchers and practitioners.

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Australia was the only developed country to avoid a technical recession during the 2008 global financial crisis, but ten years later, Australian banks now must deal with allegations of misconduct which warrants establishing a royal commission into the financial sector. This conceptual paper offers a theoretical and managerial exploration of the implications of the commission's findings on the Australian banks, their marketing and brand crisis management. This paper reviews the literature on trust repair, brand reputation and financial services marketing management to identify relevant research agenda and managerial implications. A series of propositions are put forward towards academic researchers – to theoretically explore these emerging issues as presented in the research agenda and offer actionable insights and Managers – to consider the identified managerial agenda as they deal with consequences of the commission's findings which includes trust repair, brand reputation and marketing management. This study had made an initial effort to chart the course for the scholarly understanding of the consequences of the Royal Commission on Australian banks marketing. By this, the academic research community can assist managers in developing effective marketing strategies. Researchers seeking to work on the agendas put forward in this paper would be able to gain links with and possibly attract funding from, banks to conduct their research. There is a shortage of knowledge around this subject, as it is an evolving situation within the Australian financial sector. These conceptual paper raises an agenda to fill the gap in knowledge and provide empirical insight for academic researchers and practitioners.

Keywords: Australia, Banks, Royal Commission, Customer satisfaction, Trust repair, Brand reputation

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Introduction

Financial Services plays a crucial role in today's economy; consumers need these providers for various reasons, ranging from credit cards to loans, savings and mortgages. The place of financial services in an economy cannot be overemphasised since it serves both individual and corporate customers. We all rely on financial markets—for connecting savers and investors through the investment chain; for helping the rest of the economy manage risk; and to provide the basic payment systems and mechanisms to store value needed for trade to take place.”

Albers-Miller and Stafford (1999) described financial services as a utilitarian service, based on the fact that money is needed to run our daily activities. Financial services provide essential benefits to both individual and corporate consumers. Maxwell (2012, p1) described financial markets as “hugely essential to the functioning of our economy. Banks have a significant and privileged role in the community – It enables people to buy a house, start a small business, pay a bill and meet their savings goals. Banks are rightly held to a higher standard and must balance their obligations to customers, communities, staff and shareholders (ABA, 2018).

Trust is considered important in developing this relationship with financial services providers. Consumers want to be treated honestly and fairly in their dealings with their financial services providers. However, this is not always the case. There have been issues of mistrust in financial services provision around the world, and the adverse effect on customers' confidence and trust are huge. Starting from the United States and the United Kingdom, the Global Financial Crisis (GFC) has had a damning effect on consumers as they were not willing to trust their banks.

The premise that consumers hardly trust their bank is not new, the lack of trust in financial services providers are well documented, however, to theoretically contextualise the case for Australian banks and the justification for this study; it is important to highlight some key insights. Firstly, Australia's banks play an essential role in the economy. The finance and insurance sector is the most significant contributor to the Australian economy with 9.5 per cent of GDP in 2017-18 which equates to an economic contribution of \$155 billion. The consequences of things going wrong with these banks can be significant, it is essential for customers, for the economy and for meeting broader public policy objectives that the banks are safeguarded and well regulated (ABA, 2018; Royal Commission, 2018).

Secondly, while some countries were weakened during the financial crisis, Australia was the only developed country to avoid a technical recession, the country was debt-free, growing actively with significant assets and running surplus budgets (Alexander, 2013). It was said that their banks proved to be more resilient during the crisis because they had not exposed themselves to as much toxic debt as other nation's financial institutions (Dobbie, 2009). The Government acknowledged that the strong financial regulations made the Australian banking system remain in good shape throughout the crisis (Treasury.gov.au, 2009).

Thirdly, ten years after the crisis, Australian banks now have to deal with allegations of misconduct which warrants establishing a royal commission into the financial sector. On 14 December 2017, The Governor-General of the Commonwealth of Australia, His Excellency General the Honourable Sir Peter Cosgrove AK MC (Retd), appointed former High Court Judge, the Honourable Kenneth Madison Hayne AC QC, to lead the

commission. The Terms of Reference for the inquiry required and authorised the Commission to inquire, among other matters, whether any conduct by a financial service entitles, might have amounted to misconduct, if any conduct, practise or behaviour has fallen below the community standards and expectation.

Lastly, there is a call for a simpler, smaller and more deeply connected banks as the Australian banking sector is in a state of flux (PwC, 2016). The PricewaterhouseCoopers' report on the future of banking in Australia highlighted powerful forces shaping the industry, among which are changing demographics, technology and the 'Asiafication' of the industry. Asia is ever more relevant to Australia, both economically and socially. The fortunes of the Asian economies are closely linked with the Australian's domestic economy.

With these background insights into the Australian banks, this study aims to set agenda for theoretical and managerial exploration of the Royal commission's findings implications on the Australian banks and their brand crisis management. These implications have not received scholarly attention yet merely because it is an evolving and developing situation. The aftermath of the Royal Commission cannot be fully envisaged yet, but perhaps it can be planned for. This emerging situation with the financial services sector presents research agendas for scholarly insight into the marketing implication, and managerial actions plan to deal with changing banking landscape as an aftermath of the commission's findings. This study had made an initial effort to chart the course for this scholarly understanding. The study is targeted explicitly towards two groups. Firstly, academic researchers – to theoretically explore these emerging issues as presented in the research agenda and offer actionable insights

and Secondly, Managers responsible for marketing, branding, advertising, product development and customer relationship – to consider the identified managerial agenda and as they deal with consequences of the commission’s findings which includes trust repair, brand reputation and marketing management.

The rest of the paper provides an overview of the Australian Banking Industry and the Royal Commission. We then outline our theoretical insight by highlighting key research agenda based on previous studies that have considered the implication of the global financial crisis on the financial services providers. We go on to provide managerial implications as well, suggested areas of interest for managers as they deal with the Royal Commission recommendations. The last section offers a concluding summary.

State of Financial Service Provision in Australia

There are many stakeholders within the Australian banking industry, but the banking sector is the most substantial part of the Australian financial system. It comprises 147 authorised deposit-taking institutions (ADIs) which collectively hold around 55% of the assets of Australian financial institutions (Royal Commission, 2018). The main types of ADIs are Banks, Building societies, Credit unions; and other ADIs that do not fall within any of the previous category types. Regardless of their type classification, all ADIs are licensed, and prudentially regulated, by Australian Prudential Regulation Authority (APRA) to carry on ‘banking business’ in Australia and regulated as companies by the Australian Securities and Investments Commission (ASIC).

In Australia, the term ‘bank’ is not legislatively defined, but it refers to an ADI which has consent from APRA to call itself a bank (Reserve Bank of Australia, 2019). Banks provide a wide range of financial services to all sectors of the Australian economy

(Bligh, 2017). Australian Banks are further classified into the following four main sub-categories: Major banks: the four largest Australian banks, Other domestic banks: all locally-owned banks excluding those classified as major banks, Foreign subsidiary banks: foreign banks authorised to carry on banking business in Australia through a locally incorporated subsidiary and Foreign bank branches (Royal Commission, 2018). The Australian banking industry has from its beginning been dominated by a relatively small number of banks (Seltzer, 2017), however, The banking industry has become more concentrated in recent years. With the four largest banks namely the Commonwealth Bank (CBA), Westpac (WBC), Australia and New Zealand Banking Group (ANZ), and the National Australia Bank (NAB) holding more than 80 per cent of bank deposits compared with 68 per cent in mid-2008 (Cummings & Durrani, 2016). These major banks made up only 2.7% of the total number of ADIs in Australia; but as at the end of the September quarter 2017, they held approximately three-quarters of total assets. Other domestic banks, foreign branch banks and credit unions make up a large proportion of the number of ADIs in Australia, do not hold a substantial proportion of its assets. Australian banks employ over 130,000 people and make significant community investments through their corporate social responsibilities' initiatives (ABA, 2018).

A vast majority of the Australian population holds at least one bank account (ASIC, 2018) as most Australian banks are focussed on traditional banking services – deposits and loans – primarily to the domestic market (Cummings & Durrani, 2016). However, there have been concerns about the quality of services within the industry, which was recently revealed by the Royal Commission. The bank services have been deteriorating

over the last few years as consumers feel Australian banks, especially the Big Four, was that they are all losing their connection with their customers and concentrating more on their profits (Thaichon, et al., 2017). The Australian Banking Association, representing Australian banks took responsibilities for their shortcomings in their submission to the Royal Commission. They acknowledge that the focus has not always been on the customer, their approach has been too technical, legalistic, complicated and not ‘human enough’ and the way staff were paid was not always in the customer’s best interest (ABA, 2018)

The unprecedented turbulence and uncertainty experienced in Australian banking sector share some resemblance with the global financial crisis of 2007–08 has eroded the trust and credibility attached to banks as safe places to deposit savings (MarketLine, 2014). Heinonen (2014) noted that in the wake of the crisis, the banking sectors had been transformed, with new regulations and competitions for customers and profits. Gritten (2011) also noted that many of the bank customers felt betrayed by the institution which has promised to protect them and their assets, suggesting the need for financial services institutions to re-establish a long-term business relationship with their customers, to build up the trust and confidence in their services. The state of financial service provision after the global financial crises has suggested the need to appeal to consumers’ emotions with the aim of improving their reputation (Mogaji, 2016).

Even though the GFC did not significantly affect the Australia financial sector, ten years after, the Australian banks now have to deal with these misconduct. A House of Representatives committee which reviewed the performance of the big four banks found

that the country's major banks have let their customers down too frequently in too many ways (Conifer, 2016). The banks have been found to breach customers trust (Irvine, 2018). Commonwealth Bank admitted to their financial planners charging clients fees after they died, in some cases for more than a decade while Westpac admitted it paid bonuses to a financial adviser it knew was churning clients into high-fee investments. (Danckert, 2018). The Royal Commission uncovered various forms of misconduct— including bribery, fraud and deceit. The report revealed that poor culture and conduct in banks had been driven by remuneration policies, with almost every instance of misconduct is directly linked to monetary benefit.

This warranted the establishment of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The Commissioner submitted his final report to the Governor-General on 1 February 2019, and the final report was tabled in Parliament on 4 February 2019. The Commission received ten thousand three hundred twenty-three submissions with Banking (61%) having the highest submission by industry, and the central nature of dealings was Personal financial, superannuation and small business finance.

The Commission unveiled 76 recommendations which will change fundamental aspects of banking, superannuation, financial advice and the rural lending industries. (Wright, 2019)., the commission acknowledges that "The damage done by the banks' at conduct to individuals and the overall health and reputation of the financial services industry has been large," and that it is time to overhaul the Australian financial services sector. This will have implications on the marketing and advertising strategies of these banks as Australia's big banks, superannuation funds, wealth managers and insurers are now

facing massive and enforced changes to their culture, management and conduct (Letts, 2019).

Therefore, as an aftermath of the commission's findings, Australia's big banks, superannuation funds, wealth managers and insurers are now facing massive and enforced changes to their culture, management and conduct (Letts, 2019). This will also undoubtedly have an impact on their brand reputation, marketing and advertising strategies. The Commission's 76 recommendations challenge critical aspects of the industry which is conflicted remuneration — that is where financial professionals are paid commissions for selling clients products, even though they may not be in the clients' best interests. (Janda, 2019; Wright, 2019). With Commissions being eliminated mainly from the financial sector, providers will have to make an effort to build trust as they reach out to prospective customers with their offer through their marketing campaigns.

With the recognition of these marketing challenges, among many more challenges facing the sector as they deal with the commission's recommendations, it is considered essential to develop a scholarly understanding of this matter. This commission's recommendations has necessitated the need to highlight theoretical and managerial implications that will be relevant to academic and practitioners with interest in the sector. It builds on research strands, and lessons learnt from the global financial crisis - how to engage better with the customers, restore customers trust, build reputations and confidence in the sector.

Theoretical Agenda

Research Agendas are presented to have a better theoretical insight into the aftermath of the Royal Commission's finding on the marketing of financial services, brand reputation and consumers' trust in Australian's banks. Royal Commission might have revealed some critical issues affecting the sector, but it should be noted that the commission was set up by the Government and for a limited period. No doubt there is a dearth of knowledge around this subject, as it is an evolving situation within the sector. These agenda aim to build on the findings of the Royal Commission and fill this gap in knowledge, providing empirical insight for academic researchers and practitioners.

Consumer Trust in Financial services providers

Australia banks were found to be involved in conducts that are misleading, deceptive or both, in breach of trust, breach of duty or unconscionable conduct. The corporate greed has received increasing attention in recent years with various stories hitting the headlines, (Caruana, et al., 2018). These conducts, no doubt will affect the consumers trust in the financial services providers. Trust has generally been conceptualised as a multi-dimensional construct. The first strand of research needs to explore this level of mistrust; theoretically, perhaps it is something that has affected the whole industry or just a segment of it. It will be worthwhile to explore these trust related measures - cognitive, or lower level, trust and affective, or higher-level trust (Sekhon, et al, 2014; Devlin, et al., 2015) within the sector. These measures can serve as a promising theoretical underpinning for many studies under this strand if researched.

There is a call for a better understanding of the Australia financial service landscape by adopting the stakeholder trust model of organisations to diagnose the loss of trust in the banks after the Royal Commission finding. This call for understanding aligns with previous works of Hurley, et al. (2014) which sought to understand the loss of trust in large banks after the global financial crisis (GFC), offering ideas for trust repairs.

The trustworthiness scale developed by Ennew & Sekhon (2007) can also be adapted to identify the underlying dimensions of trustworthiness of financial service providers in Australia. Roy & Shekhar (2010)'s study on the dimensional hierarchy of trustworthiness of financial service providers and Anneli Järvinen (2014) study on consumer trust in banking relationships in Europe will be relevant in this context. Also, the influence of demographics and dispositional characteristics such as age, marital status, ethnicity and gross annual income in the industry should also be considered as an influence on trust in financial services (Moin, et al., 2017).

Consumer Confidence in Financial services providers

The extent to which consumer feels confident about their bank is considered a vital research strand to explore. Confidence is much depended on each customer while the trust is towards the whole sector. Though trust is how confidence is achieved, Individuals will have to develop that confidence at their own pace over various engagements and touchpoints. The sector may have put measures in place to build trust as part of the Royal Commissions' recommendations; individuals may still not have confidence in the banks. This dilemma highlight an agenda to understand consumers'

confidence in service providers. This is beyond trust in the sector but explicitly focusing on individuals confidence in their bank.

The crisis in the UK financial services industry led to retail banking customers treating transactions with growing scepticism (El-Manstrly, et al., 2011). Retail banks were having to work very hard to regain customer trust and build customers confidence (Mogaji, 2018) and it will not be surprising that such will happen in Australia where consumers no longer have confidence in their bank. This lack of confidence could necessitate the need to switch to another bank, cancel a financial product and even ask for refunds and compensation. When trust is compromised, customers may bank elsewhere, mainly when alternative providers are so readily available (Carty, 2019)

Bennett & Kottasz (2012) established the antecedents of changes in public attitudes towards the UK banking industry following the global financial crisis by administering a questionnaire to query their attributions of blame for the crisis, attitudes towards the banking industry and perceptions of the banking industry's reputation. This is worth exploring in the Australian context as well, to have a deeper insight into how consumers feel about the bank and whether they had personally suffered as a result of the bank's misconduct, this will also help in shaping policy and improve the service quality. The work of Gritten (2011) which explores the extent to which consumer confidence in the UK banks was tarnished after the global financial crisis will be relevant as research explores the aftermath of the Royal Commissions' findings, perhaps by conducting a variety of proprietary quantitative research surveys.

Puustinen, et al (2014) urged researchers and service providers to develop more understanding of customers beyond the product offerings. The customers' loyalty in the

banks, beyond just the products being offered is crucial to encourage the continued business relationship. Consumers may no longer want to be loyal to their banks as their loyalty has not to be rewarded. Considering the main drivers of behavioural loyalty (El-Manstrly, et al., 2011), it will be paramount to see how banks encourage loyalty and how the consumer perceives these loyalty-building initiatives

Customers Attitude towards Marketing Communications

It is essential also to evaluate the customer relationship with their banks as they communicate through the media. No doubt, banks will be making marketing communications effort to reach out to their customers. Advertising plays an important role in creating customer awareness. It stimulates interest in the different services offered by a company (Thaichon, et al., 2017). Lees & Winchester (2014) found that there has been little difference in profiles of consumers across most Australian banks. However, it will be worthwhile to understand how consumer profiles have changed after the implementation of the commissions' findings. With the changing demographics of Australian consumers - becoming older, increasingly urbanised, richer and more diverse (PwC, 2016), understanding their attitude towards banking is essential as the banks prepare for the future. It is expected that new and redeveloped financial services, shaped by technological innovations will be on offer and consumers will need to be made aware of it. These opportunities present an additional research agenda for scholarly activities - to explore consumer's perceptions about banks marketing communication strategies, its creative content and effectiveness

Previous studies have adopted content analysis as the methodology for analysing the advertisements. Semi-structured interview and questionnaires have been administered

to gain an insight into consumers attitude towards the advert. Mogaji (2016) carried out a content analysis of how UK banks were using advertising appeals in their campaigns after the Global financial crisis and consumers perception of these appeals. It was revealed that UK banks were using more emotional appeals to pull the heartstrings of the consumers. Though the consumers recognised the emotional appeals, they presented filters to sieve out the real meaning of the advertisements for them. Banks might present themselves to be helpful and supportive through their advertisement, but are customers seeing them in that light?

Likewise, the impact of advertising on brand experience dimensions and purchase intention is worth exploring as well (Bapat, 2018). Dey, et al. (2015) carried out a study to examine the role of advertising strategies (informational versus transformational) in consumers' purchase intentions. They found that advertisement strategy does influence investment intention related to the mutual funds. Likewise, the study revealed that females are less likely to purchase mutual funds when exposed to transformational advertisements. This highlight a need for better understanding of attitude towards advertisement as banks are likely to be communicating with their customers, to reposition themselves as they move on from the Royal Commission's findings.

The Schlenger Viewer Response Profile (VRP) (Schlenger, 1979) can also come handy in this attitude research. The scale seeks to capture the consumer's feelings towards the advertisement and not their knowledge, and it is often used in commercial advertising research (Strasheim, et al., 2007). Steyn, et al. (2011) used the scale to test financial services advertisements. The findings generally indicate that the scale can

be used with confidence in that environment and that the shorter scale generally performed well. User-generated content on social media can also provide additional insight into consumers' attitude towards advertisements. Sentiment analysis using more extensive data crawled through machine learning, and other algorithms can be useful as well.

Managerial Agenda

Following on from the Theoretical agenda presented in the previous section, this section presents actions Managers should take in response to changing banking landscape as an aftermath of the commission's findings. With the understanding that academic study should result in implications for practice (Salminen, et al., 2013), these action plans are different from the theoretical agenda but closely related. They are aimed at making managerial relevance for marketing stakeholders. Providing managers in banks with the knowledge to aid their thoughts or actions in the pursuit of organisational goals (Jaworski, 2011). Managerial relevance is considered an assessment by a specific manager of a particular role (Jaworski, 2011). Individual banks are expected to make significant efforts to change their structures, processes and culture to ensure there is no repeat of the cases heard at the Commission (ABA, 2018). Therefore Marketing Managers, Brand Managers and Customers Services Managers will find these action plans relevant as they deal with the consequences of the commission's findings which includes trust repair, brand reputation and marketing management.

Customer Perception

It will be essential to understanding the consumers' perception of an individual banks' level. No doubt the whole sector may be affected; individual banks and service provider

need to evaluate how much damage that has been caused to their brand, perhaps if any. Individual banks must be willing to take stock and understand consumers' perception of their brands and what they offer. This process may involve carrying out a sentiment analysis of consumer engagement at different touch points to have a better understanding of how consumers are feeling and if there are more concerning areas to focus on. While exploring US regional financial service firms' trust building response to the financial crisis, Johnson & Peterson (2014) identify a desire among many retail financial institutions to re-personalise their relationships with customers following the financial crisis. This agenda highlights the need for a holistic analysis of the customer base as this will help the brand develop the right strategy to target these issues. It is also important to consider the impact of the influence of customers individual differences such as age, gender and income level as this can shape how they will be targeted and influence their choice of financial products (Moin, et al., 2017).

Despite the overall bad reputation of the sector, there will be other banks whose customers see them in a more ethical and upright manner. To succeed in the competitive financial market, Clemes et al. (2010) suggested that banks need to come up with customer-oriented strategies to keep their customers and even attract new customers. This highlight the need to have an informed understanding of the customers and how they perceive the brands. Likewise, loyalty should be recognised and also rewards as part of this analysis because the loyalty of a long-lasting customer base will lead to higher revenues for the organisation and cost savings from the customers (Mogaji, 2016).

Corporate Reputation

Banks need to publicly acknowledge and take responsibility for the misconducts, perhaps a marketing campaign with the intention of repairing the brand reputation. In 2016, NatWest, one of UK's bank released an advertisement filmed in black and white which asks viewers to hold the bank to account for its actions, the bank took responsibility for their mistakes. The crux of the campaign is integrity, a trait the bank is keen to prove it possesses (Campaign, 2016). With the global financial crisis of 2007 through 2008, the trust and credibility attached to financial service providers have been eroded. Consumers appear not to trust the banks (Mogaji, 2018). It is not surprising as well that the corporate reputation of banks in Australia is affected by the findings of the Royal Commission.

Moving on, banks will have to speak well of themselves, creating the right perceptions about their brands using emotional appeals and values that the consumers can relate to, which in turn affects consumers' perceptions about these banks. The banks need to rebuild their corporate reputation and create a better perception of their offerings in the competitive financial market. This reputation building process may not be achieved in a year; it is a long-term effort to improve the reputation that has been damaged over the years. The continuous effort of everyone, right from the CEO, to the communications team and the front-line staff is needed. Service quality and responsiveness to service failure are the critical areas that Australian banks must consider as the reputation of the bank is a significant factor affecting customer switching behaviour (Thaichon, et al., 2017). Hence, banks must strive to maintain a clean, customer-friendly image.

Communicating Values

Banks are facing a significant paradigm shift, and the understanding of what constitutes customer value is being extended (Puustinen, et al., 2014) and even more so for the Australian banks. With the understanding of the customer's perception, it is crucial for Brands to communicate new values, based on how they have decided to deal with the commissions' recommendations. What are they doing differently as they move on? Perhaps efforts they have put in place to improve confidence and trust in the business. Australian Banks need to evaluate their service culture if it still focuses on the customer, efficient performance of critical functions that serve the public and enabling the Australian economy and contributing to the economic wellbeing of Australians (ABA, 2018).

As trust is considered fundamental in doing business in banking (Gillespie & Hurley, 2013), managers should continually work to earn the trust back. Customers may no longer trust the banks, it is quite understandable, but they do not have much choice, as they must use the banks to engage in various financial activities. However, they do not want to be spoon-fed trust. Instead, they want to develop trust themselves (Mogaji, 2018). Therefore, it is vital that managers offer information that allows the trust to be built over time, like a subtle presentation of testimonials, corporate social responsibilities, ratings, recent awards, industry recognition and verifiable facts, and complimenting this information with the services and experience of the banking hall.

The need for multi-strand trust development strategies is also suggested (Nienaber et al., 2014); this should be complemented with marketing communication strategies.

Hurley, Gong and Waqar (2014) further noted an integrated and multifaceted approach that matches the scope and complexity of the problem should be adopted in building the banks' reputations, sending out marketing communications which consistently signal trustworthiness. Thaichon, et al. (2017) advised that in a saturated market like the Australian banking industry, Banks can use their advertisements to covert a competitive edge, redefine their competitive position and helps in making banking services more tangible. Likewise, consumer's intention to purchase is motivated by a positive attitude toward the advertisements as well as the brand (Clow et al. 2005), therefore if the consumers cannot relate with the messages being communicated, they might not patronise it. This suggests an advertisement that appeals to viewers' emotions and rational thinking.

Mogaji (2018) found that visuals can be used to create positive feelings towards the advertisement and that copy can be used to create a positive attitude towards the brand; effective advertising may end up giving options to customers, and this may, in turn, lead to customer switching (Thaichon, et al., 2017). Likewise, research has suggested that a narrative message format may be used in marketing financial products to increase passive consumer's involvement (Carlsson Hauff, et al., 2014), the congruency between the message and the values as experienced through brand-consumer relationship is however essential. Brands must make sure that the core values being communicated in the advertisement can be experienced at every touchpoint with the customers. The role of social media in communicating these values during customer engagement should not be ignored as well (Murray, et al., 2014; Mogaji, et al., 2016).

Competing Providers

As customers' satisfaction with Australian banks declines (Roy Morgan, 2018) and with recent concerns about transparency and customer retention being a challenge for the industry, the Big Four banks are facing mounting competitions as there is increasing availability of alternative banking providers (Carty, 2019). According to the Customer Satisfaction-Consumer Banking in Australia Report, there was an overall decline in satisfaction for the big four of 3.6% points while the satisfaction among customers of banks other than the big four showed a decline of only 0.7% over the same period (Roy Morgan, 2018). Likewise, the J.D. Power 2018 Australia Retail Banking Satisfaction Study, nearly half (42%) of Australian customers with major banks do not trust their bank, compared to a quarter (24%) of customers with other financial institutions who say the same (Carty, 2019). This presents opportunities for more competition within the market as there will be customers who feel they need to explore financial services from other providers. Moreso, Competition can discipline banks to serve their customers well, to innovate and to drive better customer outcomes (ABA, 2018).

With the need to offer a unique product in a market where most of the products are the same, the financial industry will get more competitive in fighting for consumers as there are keen consumer mobility and intense competition in the financial services industry (Crittenden, et al., 2014). Although the big four banks do have an edge, there are challenges from other smaller banks, this will, therefore, necessitate the need to create awareness about the new products and what makes the provider stands out as they market their new product and reaching out to prospective customers, providing the

information consumers need to make financial choices. Financial marketers should continually provide information about their products, making sure that their customers are aware of these products (Wang, 2011). OFT (2013) and provide competitive services for consumers.

Customer-centric Products

The competition in the industry is expected to challenge the banks to develop more customer-focused products. Lee et al. (2011) also noted that it is the responsibility of financial services organisations to provide relevant information about these products. Society holds them responsible for informing them of available products and services, providing information highlighting the features of the products, which leads to customers making the right decisions. Maxwell (2012) argued that banks exploit the fact that consumers lack interest in new products and willingness to gather financial information, either because of its absence or a lack of financial literacy to evaluate the information and make an informed decision.

Banks will be expected to develop products which suit the need of the customers. Banks must focus on service differentiation in the highly saturated Australian financial sector (Thaichon, et al., 2017). Even though Lees, et al. (2016) found that some segmentation evident in a limited number of banking products, there was little difference in customer profile across comparable products offered by Australian and New Zealand banks. This lack of difference suggests the need for the banks to be more strategic in their product development, perhaps a more personalised approach to banking with individuals having unique financial services. Banks need to go back to basics through both traditional and digital channel interactions, which will provide a more customer-centric experience and

build brand loyalty (Carty, 2019). This product development process should also include various technological advancements available to make banking easier, Crittenden, et al. (2014) has also suggested adopting technological methods for personal selling processes in the financial services marketplace. The role of artificial intelligence and big data in developing and marketing these products should also be further explored as Mogaji, et al. (2018) proposed the use of AI to personalise emotionally appealing financial service advertisement. Consumers will not find out about all these features unless they are advertised and presented appealingly.

Corporate Social responsibility

As the banks move on from the aftermath of the Royal Commission, it will be vital for them to invest more resources into their corporate social responsibilities (CSR). Though there is evidence that banks use CSR as a form of impression management to shape public perceptions and to maintain or create organisational legitimacy (Pérez & Del Bosque, 2012), there is need to do more than ever before. The global financial crises rewrote the relationship between business and society (Kemper & Martin, 2010) and it is not surprising the commission's outcome will affect the consumers relationship in the financial sector suggesting that consumers may want to see banks atone for their misconducts by giving back to the society which they have taken much away from. More importantly, CSR is considered an antecedent of corporate reputation; organisations have been found to build their reputation and brand equity through CSR (Fatma, et al., 2015). CSR enables firms to improve their reputation with a broad range of stakeholders including employees (internal

customers), customers (external customers), suppliers, competitors, bankers, and investors (Esen, 2013).

Bartlett, et al. (2007) carried out a qualitative longitudinal study is used to examine the social construction of social responsibility in the Australian banking industry from 1999-2004. They found that banks shifted their public relations and communication practices during the period of the study, suggesting a need to have a shift in communication strategy again as they deal with the Royal commission's recommendation. The emphasis on CSR as part of a long-term strategy to regain lost reputation and are shape public perception about the banking sector is recognised (McDonald, 2014) and it should be integrated into the banks' vision, identity and brand (Esen, 2013). Banks may consider more investment in financial literacy as it is important to engage with financial information and manage finances effectively (Worthington, 2013). The congruence between the company and its CSR initiatives (Pérez & del Bosque, 2015) is also important as consumers should be able to see the value in the bank's offering.

Conclusion

This study acknowledges the impacts of the Royal Commission's finding on the financial sector of Australia. These impacts have not received scholarly attention yet merely because it is an evolving and developing situation. The aftermath of the Commission's findings cannot be fully envisaged yet, but perhaps it can be planned for. This study had made an initial effort to chart the course for this scholarly understanding. The study is targeted explicitly towards two groups. Firstly, academic researchers – to theoretically explore these emerging issues as presented in the research agenda and

offer actionable insights and Secondly, Managers responsible for marketing, branding, advertising, product development and customer relationship – to consider the identified managerial agenda as they deal with consequences of the commission’s findings which includes trust repair, brand reputation and marketing management.

Individual banks expected to make significant efforts to change their structures, processes and culture to ensure there is no repeat of the cases heard at the Commission. Managers need to be aware of the consumers’ needs and cater to the unique needs of these different customer segments through promotions and customized offerings (Thaichon, et al., 2017), trust building initiatives, brand reputation management and loyalty rewards. Though advertisement is considered necessary, especially as seen with countries adopting the same approach after the financial crisis to appeal to their customers (Mogaji, 2016). The quality and quantity of the advertisement have been found to build trust and improve the relationship between customers and brands (Mukherjee & Nath, 2003; Smith & Barclay, 1997), the congruence between the embedded meanings in advertisements and the expectations from the bank is essential. The consumers could see an emotionally appealing advertisement featuring a staff of the bank, but that may not be in congruence with their experience with the bank. It will be paramount for managers to improve their services and build trust in the customers. Customers look out for how well they are treated and if the treatment they receive is not good enough, they can be motivated to switch to another bank and may even get paid for doing so.

The present study contributes to an ongoing trend in research on understanding financial services, especially in Australia which is still under-researched. It highlights

a research agenda in further understanding the role of marketing communications in building consumer relationship, trust and confidence in the sector — a need to reassure the customer, highlighting the positive steps being taken.

Though this paper has not explicitly addressed the methodological approaches suitable for meeting this research agenda, which perhaps can be a recommendation for future studies. Methodologies such as experimental study, hypothesis testing using structural equation modelling, are all supported, Viewer Response Profile, Content analysis of advertisement, Document review, Sentiment analysis of user-generated content, Netnography and other qualitative methodology are suggested in providing answers to addressing these research agenda.

The aftermath of the crisis in the Australian banking sector is an evolving issue which will remain a challenge for bankers, consumers and policymakers. A better understanding is needed to prevent and manage any potential future crisis and its impact on the taxpayers. A call for Journal Special issue on this crisis is recommended. This can build on the 2017 Volume 20 Issue 3 of the Journal of Economic Policy Reform on new perspectives on regulating banks after the global financial crisis (Clifton, et al., 2017) and Global Volume 9 , Supplement 1 of Global Policy - *Ten Years after the Global Financial Crisis: Lessons Learned, Opportunities Missed* (Anheier & Haley, 2018). Also, practitioners and researchers can organise events and seminar to share their understanding and findings on this subject matter. It is essential to learn the lessons and not to repeat the same mistake.

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