

Responsible lending and borrowing summit

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Banking Code of Practice

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Strong banks – strong Australia

Bank lending 2017



\$230 bn in home loans



\$81 bn in small business loans



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Unprecedented Scrutiny and Reform to Rebuild Trust

- More than 50 inquiries, reviews & investigations since GFC
- 30 in the past 4 years
- Almost 350 recommendations
- 48 Government initiatives for reform
- 9 Industry reforms



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The Code of Banking Practice

- Raising standards of conduct and culture
- Fairer and easier experience for customers
- Goes beyond the law and forms part of terms and conditions



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The Code of Banking Practice

- Final report of independent review released February 2017
- More than 50 stakeholder meetings
- Just nine months later, Code sent to ASIC for approval



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Guiding principles

1. Trust and Confidence
2. Integrity
3. Service
4. Transparency and Accountability



Benefits to customers

- Deferred sales period for CCI on credit cards (in branch, over the phone)
- 3 day delay period for guarantors
- No more credit card limit increase offers
- Better assessing what customers can repay on credit cards



Benefits to small businesses

- Longer notice period about changes to loan conditions
- Shorter, simplified loan contracts
- Improved communication by banks about the use of third parties





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Code review and rewrite – reflections

- Involve stakeholders early and keep them engaged
- Share the detail and dilemmas
- Plain English isn't perfect
- Keep relevant and current



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Edelman Intelligence 2017 research

- Banks making progress with reforms
- Becoming more customer focused
- Code of Banking Practice important to rebuild trust



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Other changes in the banking industry

- Australian bank staff no longer work for sales commissions
- New mortgage industry definition for ‘good customer outcomes’
- Is the loan appropriate and does it meet customer needs?



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Banks Belong to You

- Almost 80% of bank profits are returned to everyday Australians through shares and super
- \$26 billion in 2017
- Find out more: banksbelongtoyou.com.au

For more information

bankers.asn.au

Questions?

About the ABA

With the active participation of 24 member banks in Australia, the Australian Bankers' Association provides analysis, advice and advocacy for the banking industry and contributes to the development of public policy on banking and other financial services.

The ABA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy and to ensure Australia's banking customers continue to benefit from a stable, competitive and accessible banking industry.