



Code of Banking Practice - financial difficulty and assisting small business operators.

The Code of Banking Practice applies to retail and small business customers and in recent times, the banking industry has made a number of [public comments](#) regarding assistance to retail consumers who may have been experiencing financial difficulty.

A number of code subscribing banks have also adopted a similar approach in dealing with small business and financial difficulty.

With the economic volatility over the past 12 months there has been an increasing number of small businesses seeking assistance from the Financial Ombudsman Service (“FOS”) and identifying alleged breaches of the Code to the CCMC.

[Small businesses](#) are defined in the Code as a business having:

- (a) Less than 100 full time (or equivalent) people if the business is or includes the manufacture of goods;
or
- (b) In any other case, less than 20 full time (or equivalent) people.

Initial research has identified a relatively low level of understanding amongst small business operators regarding the Code generally and more specifically regarding the obligations of subscribing banks when faced with small businesses in financial difficulty.

FOS has recently published guidance ([Circular No. 2](#)) for small business operators and their lenders. This guidance is useful in helping establish some expectations when dealing with small businesses in financial difficulty.

The CCMC is currently working with a Melbourne University undergraduate program to conduct a review into small business and financial difficulty across [code subscribing banks](#).

The purpose of the project is to assess how banks are complying with the Code of Banking Practice in relation to financial hardship and small businesses, and to develop recommendations to both lenders and borrowers in how to improve compliance with the Code.

To date the Banks are working to provide information required by the CCMC. However, to ensure we are able to understand customers’ perspective, we have developed a small business survey designed to gain insight into the small business industry, particularly their relationship with banks. The survey is anonymous and any data obtained will be used in an aggregate.

We welcome current and past small business operators to take the survey and help the CCMC to appreciate the experiences from a small business perspective.

Take the Survey – [Click here](#).

Regards

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