



## Code Compliance Monitoring Committee

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#### Compliance statements

The Committee's analysis of the 2007/08 compliance statements is almost complete. The Committee is pleased to note that initial analysis indicates that subscribing banks have taken a more rigorous approach to breach reporting and provided more complete data than in previous years.

Last year the Committee made a number of changes to the breach reporting requirements. Banks' responses have largely met the Committee's aims in making these changes:

- that banks report on actual rather than potential breaches;
- that breach statistics be sourced from compliance breach registers and not solely from complaints databases;
- that summary information is provided for significant breaches.

Following the receipt of the compliance statements in May, Michael Kane, the Committee's Case Manager has been meeting with compliance staff from each subscribing bank and performed an onsite compliance audit aimed at better understanding:

- the banks compliance regime
- how the compliance statements were completed and where information was sourced;
- the nature of breaches reported;
- how banks determined the significance of a breach;
- how significant breaches were remediated.

Once it has finished its analysis of the results of the onsite audits, the Committee will write to each bank and publish an aggregate summary of the compliance statement data on its website.

**Review of the Code of Banking Practice**

The Committee has provided a short response to the Review of the Code of Banking Practice Issues Paper which was published in June of this year. This response, along with the Committee's primary submission to the review can be found on the Committee's website [www.bankcodecompliance.org](http://www.bankcodecompliance.org).

The Committee's response reflects its disappointment that other stakeholders had not made their submissions publicly available and that in its view the Issues paper did not give adequate weight to the Committee's experience as put forward in its initial submission. The Committee also stated that in its view outsourcing numerous sections of the Code to the ABA website for settlement by the ABA Consultative Forum, would be unworkable for a number of reasons, including that effective Code monitoring requires that Code obligations be certain in order that they may be relied on by both parties to the compact.

The Committee also raised the need for the Code Review to consider and confirm the extent of the Code's application. It has been evident to the Committee that some banks are confused about the application of their Code obligations within banks and to bank's agents and subsidiaries. Clarity on the application of the Code is essential to the Committee's work and the Committee looks forward to this matter being addressed in the final report for the review.

**Review of the activities of the Code Compliance Monitoring Committee**

Clause 34(g) of the Code requires the Committee to have its activities independently reviewed at a time to coincide with the Review of the Code. The Committee is pleased to have recently appointed Mr Richard Viney to conduct this review. Mr Viney is particularly interested in the views of stakeholders regarding how the CCMC has performed its role of monitoring compliance with the Code in the last three years.

The Terms of reference for the review are on the Committee's website at [www.bankcodecompliance.org](http://www.bankcodecompliance.org) ..

Written submissions can be addressed to "The Reviewer" c/o The CCMC at PO BOX 14240 MCMC, Melbourne 8001 or emailed to [CCMCreview@fos.org.au](mailto:CCMCreview@fos.org.au) no later than 10 September 2008.

The reviewer will also directly contact bank representatives and consumer advocates who have submitted complaints to the CCMC in the past year. Written submissions will be made available on the CCMC website after any necessary de-identification and reasonable claims of confidentiality.

### **Compliance Inquiries**

The Committee has completed its Inquiry into bank compliance with Clause 29 of the Code. Two banks were found to have breached the Code for continuing to contact represented customers directly in regards to debts. In July the Committee wrote to all subscribing banks clarifying compliance requirements in the light of the Uniform Consumer Credit Code and the ACCC Debt Collection guidelines.

The Committee is currently finalising its minor inquiry into compliance with Clause 19 of the Code, Direct Debits. Banks will be notified when the final report will be published on the Committee's website <http://www.bankcodecompliance.org/inquiries.html>

In previous Bulletins the Committee announced its intention to commence an inquiry into bank compliance with Clause 35 of the Code. Given the significant bank and Committee resources required for adequate engagement in the onsite compliance audits, the Review of the Code and review of the activities of the CCMC, the Committee has decided to defer the commencement of the Clause 35 Inquiry until 2009. The Committee would also like to thank bank staff who consulted with Committee staff in preparing the Inquiry scope and detail for the questionnaire.

### **New Horizons**

The reviews of the Code and the activities of the CCMC will likely facilitate changes to the current work of the Committee and possibly to the Committee's governance and structure.

Changes to personnel are also imminent. The Committee is very sorry that our CEO Kirsten Trott will be leaving us to move to Singapore. Kirsten's work has been integral to developing and supporting the monitoring function of the Committee and she will be sorely missed. The Committee takes this opportunity to thank her for her hard work and commitment and to wish her all the best for the future - a sentiment we are sure is shared by the subscribing banks. Kirsten's last day will be 23 September.

### **Next Bulletin**

The next bulletin is due to be released in November 2008.

### **Enquiries**

If you have any enquiries about this bulletin or the work of the Committee more generally, visit [www.bankcodecompliance.org](http://www.bankcodecompliance.org).