



**Code Compliance
Monitoring Committee**
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25 June 2019

Ms Susie Black
Director – Adjudication
Australian Competition and Consumer Commission

By email to: adjudication@accc.gov.au

Dear Ms Black

AA1000441 – Australian Banking Association– submission

Thank you for providing the Banking Code Compliance Monitoring Committee (CCMC) with an opportunity to comment on the Australian Banking Association's (ABA) application for authorisation of the 2019 Banking Code of Practice.

The CCMC and the Code of Banking Practice

The CCMC is an independent compliance monitoring body established under clause 36 of the 2013 Code of Banking Practice (the 2013 Code). It is comprised of an independent chair, a person representing the interests of the banking industry and a person representing the interests of consumers and small business.

The CCMC's purpose is to monitor and drive best practice Code compliance. To do this the CCMC:

- examines Code-subscribing banks' (banks) practices
- identifies current and emerging industry wide problems
- recommends improvements to bank practices, and
- consults with and keeps stakeholders and the public informed.

The CCMC's Mandate (which is an attachment to the 2013 Code) sets out its powers and functions, which include:

- monitoring banks compliance with the Code's obligations
- investigating an allegation from any person that a bank has breached the Code, and
- monitoring any aspects of the Code that are referred to the CCMC by the ABA.



Thirteen banking groups currently subscribe to the Code (collectively banks). These banking groups cover approximately 93% of the Australian retail banking industry.¹

New Banking Code and the Banking Code Compliance Committee

Following reviews of the 2013 Code and the CCMC, the ABA drafted the new Banking Code of Practice (2019 Code). This was approved by ASIC on 31 July 2018. The ABA created a new Code monitoring body under the 2019 Code, the Banking Code Compliance Committee (BCCC), and its powers and functions are set out in its Charter.

The 2019 Code and the BCCC Charter will come into effect on 1 July 2019 and are available on the BCCC's website.²

On 1 July 2019 the CCMC will transition to the BCCC and will monitor banks' compliance with the 2019 Code.

Comments on AA1000441 – Australian Banking Association – application for authorisation

The CCMC understands that the ABA has applied to the Australian Competition and Consumer Commission (ACCC) for authorisation to codify elements of banks' practices as they relate to:

- informal overdrafts
- dishonor fees
- default interest changes on loans secured by agricultural land, and
- basic bank accounts.

At this time, the CCMC has no substantive comment as to the issue of competition.

The CCMC does however consider that the 2019 iteration of the Code is an important element in the consumer protection framework. Specifically, the 2019 Code:

- provides protections to bank customers that exceed legislative minimums
- acts as a primary source of protection for small business and farming customers, and
- promotes and requires fair, reasonable and ethical conduct.

The CCMC also considers that the protections for which the ABA is seeking the ACCC's authorisation are intended to protect customers experiencing vulnerability. We therefore consider the ABA's application is likely to result in a public benefit.

Concluding remarks

The CCMC accepts the ACCC's offer to be kept informed of developments with the ABA's application and would appreciate updates at the draft and final determination stages. Please address any future updates to the CCMC's Code Compliance Manager Donna Stevens by email at dstevens@codecomplaine.org.au.

¹ APRA Monthly Banking Statistics for January 2019 – Household lending

² <https://bankingcode.org.au/>



Should the ACCC otherwise wish to speak with the CCMC to obtain any further information about the banking codes or its monitoring work, we invite you to contact us c/o the CCMC's CEO, Sally Davis, on 03 9613 7341 or by email at sdavis@codecompliance.org.au.

Yours sincerely,



Christopher M Doogan AM FIML FAICD
Independent Chairperson
Banking Code Compliance Monitoring Committee (CCMC)

