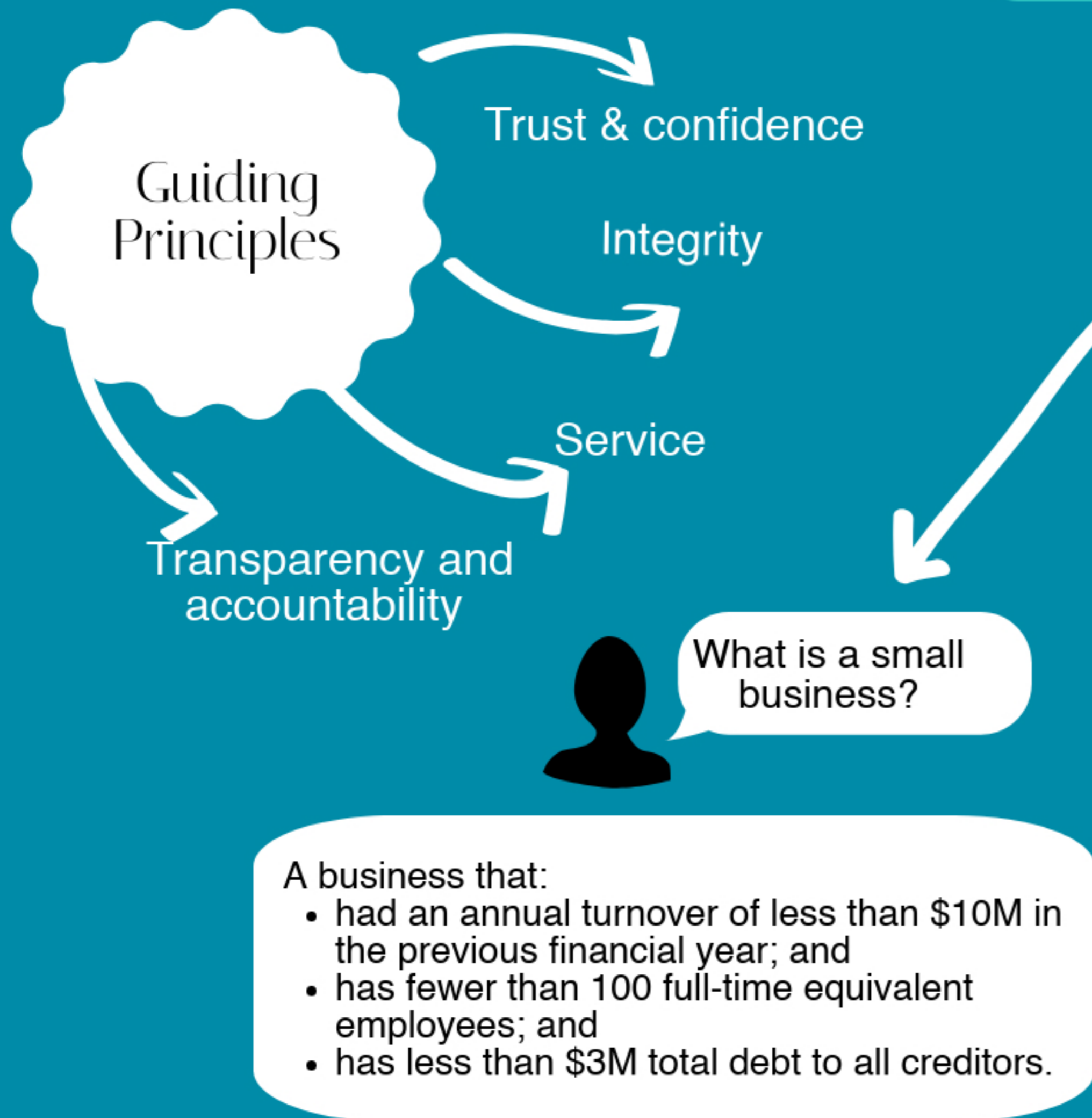


NEW BANKING CODE OF PRACTICE

With demand for the banks to meet community standards, the ABA has released the new Banking Code of Practice to enhance banking services, with effect from 1 July 2019.



It is a condition of ABA membership that member banks with a retail presence in Australia are signatories to the Code



OUR TOP 15 CHANGES



- #1** Clear statement that the Code forms part of banking terms & conditions and guarantees to which the Code applies.
- #2** New definition of small business.
- #3** Clearer statement of responsible lending obligations.
- #4** Obligation to a guarantor in assessing a borrower's obligation to pay.
- #5** Closer assessment of any co-borrower not receiving a substantial benefit from a loan.
- #6** 30 days' notice to any small business before requiring repayment in full or taking enforcement proceedings.
- #7** Not enforcing a loan against a small business for non-monetary defaults (exceptions apply).
- #8** Prescribed placement for guarantor warning notice in guarantees & a guarantee will not be accepted until the third day after certain information is given.
- #9** Guarantor to receive notice of a borrower's deteriorating financial position during loan term.
- #10** Revised restrictions on enforcing guarantees given for an individual's liability.
- #11** Small business contracts will be simplified and in plain English.
- #12** Improved communication and transparency when banks use insolvency practitioners and valuers.
- #13** Banks will abolish fees and commission on lender's mortgage insurance and will provide a fact sheet on key policy features to customers.
- #14** Commitment to take extra care with vulnerable customers and to specifically train staff to act with sensitivity, respect and compassion.
- #15** Proactive contact with customers who experience financial difficulty and implementation of measures to assist those customers.

ASIC may review its approval of the Code if the Banking Royal Commission report makes any relevant recommendations.

The Banking Code Compliance Committee will investigate any alleged breaches of the Code. It can make findings and recommendations and may apply sanctions.

The Code will be reviewed every 3 years.

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