



Draft Determination and interim authorisation

Application for authorisation AA1000609
lodged by
the Customer Owned Banking Association
in respect of
certain provisions of its Code of Practice
Authorisation number: AA1000609

Date: 27 May 2022

Commissioners: Keogh

Brakey

Summary

The ACCC proposes to grant authorisation to enable the Customer Owned Banking Association and its current and future members implement certain provisions of its Customer Owned Banking Code of Practice. In broad terms, the provisions relate to commitments by signatories to limit fees and charges and enhance protections offered to customers and guarantors including in cases of financial hardship. COBA's members are mutual banks, credit unions and building societies that provide retail banking services and in some cases business banking services in competition with national and regional banks.

The ACCC proposes to grant authorisation for 5 years.

The ACCC considers the relevant provisions of the Code of Practice are likely to result in public benefits by improving the accessibility and affordability of banking services, enhancing protection for customers and guarantors and enhancing competition by COBA members with other participants in the banking sector. The ACCC considers that there are unlikely to be public detriments.

The ACCC has also granted interim authorisation to enable COBA and its current and future members to make arrangements to finalise and promote the most recent code of practice prior to the ACCC making its final determination.

The ACCC invites submissions in relation to this draft determination by 10 June 2022 before making its final decision.

1. The application for authorisation

- 1.1. On 20 April 2022, the Customer Owned Banking Association (**COBA**) lodged application for authorisation AA1000609 with the Australian Competition and Consumer Commission (the **ACCC**) on behalf of itself and its current and future members (see Annexure 1). COBA is seeking authorisation to enable it to implement certain provisions (the **Relevant Provisions**) of its Customer Owned Banking Code of Practice (the **2022 Code**) for five years (the **Proposed Conduct**).¹
- 1.2. This application for authorisation AA1000609 was made under subsection 88(1) of the *Competition and Consumer Act 2010* (Cth) (the **CCA**).² The ACCC may grant authorisation, which provides businesses with protection from legal action under the competition provisions in Part IV of the CCA for arrangements that may otherwise risk breaching those provisions in the CCA, but are not harmful to competition and/or are likely to result in overall public benefits.
- 1.3. COBA also requested interim authorisation to enable it and its current and future members to make arrangements for finalisation and promotion of the 2022 Code. This will enable its member institutions to move to implement the 2022 Code, ahead of the proposed 31 October 2022 commencement date and while the ACCC is considering COBA's substantive application. The request for interim authorisation is discussed further in section 6.

¹ The Relevant Provisions are set out in full at Annexure 2 of this draft determination.

² This application is available on the ACCC public register at: <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/customer-owned-banking-association>.

2. Background

COBA

- 2.1. COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). COBA provides representation and advocacy for its member institutions and provides advisory and support services such as in the area of fraud and financial crimes. COBA advises that it currently has 58 members.

The Code of Practice

- 2.2. COBA's Code of Practice is a voluntary industry code established in January 2014 and administered by a 3-member Code Compliance Committee. The existing version of the code (see Annexure 3) commenced in January 2018 and currently 55 of COBA's 58 members have subscribed and thus agree to comply with the code in the delivery of their banking services.
- 2.3. It is a requirement of the code of practice that it be reviewed at least every 5 years. COBA submits that the most recent review was independently conducted by Cameron Ralph Khoury, which also drafted a new version of the code. With some refinements to language, the COBA board has approved this version of the code of practice to form the 2022 Code. COBA intends for the 2022 Code to replace the existing version of the code of practice.
- 2.4. This recent review of the code coincided with the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the **Royal Commission**). The Royal Commission was established on 14 December 2017 by the Australian government to inquire into and report on misconduct in the banking, superannuation, and financial services industry. The final report was tabled in Federal Parliament on 4 February 2019 and made 76 recommendations, for implementation by the Australian Government and parliament, regulators, and various industry bodies. The recommendations were in relation to banking, financial advice, superannuation, insurance, culture, governance and remuneration, and regulators.
- 2.5. COBA members are affected by the industry-wide legislative and executive responses to the Royal Commission's recommendations in areas such as home and small business lending and the provision of bank accounts. However, the Royal Commission did not have any specific recommendations for actions to be undertaken by COBA or the code of practice it administers.
- 2.6. Despite the lack of specific recommendations directed to it, COBA submits the review of its code of practice had close regard to the Royal Commission recommendations and the updated Australian Banking Association's Banking Code of Practice. COBA has chosen to maintain the 2022 Code as a voluntary code for its members rather than making it mandatory. COBA submits that this reflects the diverse nature of its membership as a small number of its members may have difficulty fully complying with the 2022 Code or require more time to achieve compliance. COBA has also chosen not to seek ASIC approval of the 2022 Code at this time on the basis that it is waiting for ASIC to identify any enforceable provisions of the Australian Banking Association's Banking Code of Practice.

Details of the 2022 Code

- 2.7. The provisions in the 2022 Code that are the subject of COBA's authorisation application (see Annexure 2) include commitments to:
- not charge or only to charge at cost a fee, cost or interest (or rebate such fee or interest charged) in connection with the relevant products or services provided by COBA member institutions;
 - dishonour credit card transactions that would result in a customer exceeding their credit limit by more than 10%;
 - not require customers experiencing financial difficulty to access their superannuation to meet their loan obligations;
 - restrict the circumstances under which the customer's debt will be sold, particularly when the customer is experiencing financial difficulty or if the debt arose from violence or abuse;
 - not take enforcement actions against the customer (including small businesses) or guarantor in connection with the customer's loan in certain circumstances; and
 - not include a general material adverse change default clause in small business loan contracts.
- 2.8. Although COBA is not seeking authorisation for the enforcement mechanisms in the 2022 Code, the 2022 Code does include administration procedures for handling complaints about COBA members which have subscribed to the Code. Complaints are handled and determined by the Code Compliance Committee. The Code Compliance Committee may impose the following sanctions on a COBA member which has subscribed to the 2022 Code:
- formally warn the subscriber
 - require the subscriber to undertake a compliance review
 - require the subscriber to undertake a staff training program on the 2022 Code
 - require the subscriber to undertake corrective advertising
 - publicly name the subscriber as non-compliant with the 2022 Code
 - advise COBA of the subscriber's non-compliant status and/or failure to undertake a required course of action.³
- 2.9. Prior to imposing a sanction, the Code Compliance Committee must be satisfied that the COBA member which has subscribed to the 2022 Code:
- is guilty of serious or systemic non-compliance with the 2022 Code, or
 - has ignored a request from the committee to remedy a breach of the 2022 Code or has failed to remedy that breach within a reasonable time, or
 - has breached an undertaking given to the committee, or
 - has not taken reasonable steps to prevent a breach of the 2022 Code from continuing to occur or reoccurring after having been warned by the committee that a sanction might be imposed.
- 2.10. The Code Compliance Committee also has referral protocols to external dispute resolution schemes to which COBA members belong. Complaints or disputes about

³ Part E, section 12 2022 Code

alleged breaches of the 2022 Code which relate to claims of loss or detriment will also be forwarded to the appropriate external dispute resolution scheme for resolution.⁴

3. Consultation

- 3.1. A public consultation process informs the ACCC's assessment of the likely public benefits and detriments from the Proposed Conduct.
- 3.2. The ACCC invited submissions from a range of potentially interested parties including banking institutions, banking and consumer representative associations, and relevant state and federal government bodies.⁵
- 3.3. The ACCC received no submissions in relation to the application.

4. ACCC assessment

- 4.1. The ACCC's assessment of the Proposed Conduct is carried out in accordance with the relevant authorisation test contained in the CCA.
- 4.2. COBA has sought authorisation for Proposed Conduct that would or might constitute a cartel provision within the meaning of Division 1 of Part IV of the CCA and may substantially lessen competition within the meaning of section 45 of the CCA. Consistent with subsection 90(7) and 90(8) of the CCA, the ACCC must not grant authorisation unless it is satisfied, in all the circumstances, that the conduct would result or be likely to result in a benefit to the public, and the benefit would outweigh the detriment to the public that would be likely to result (authorisation test).
- 4.3. The ACCC considers that the relevant areas of competition likely to be affected by the Proposed Conduct are:
 - the provision of retail transaction banking services to individuals in Australia,
 - the provision of credit cards in Australia,
 - the supply of loans to retail customers and small businesses in Australia, and
 - the wholesale acquisition of debt.
- 4.4. In applying the authorisation test, the ACCC compares the likely future with the Proposed Conduct that is the subject of the authorisation to the likely future in which the Proposed Conduct does not occur.
- 4.5. The ACCC considers that without the Proposed Conduct the status quo is likely to continue, that is COBA's members will continue to subscribe to the existing version of COBA's code of practice. COBA submits that some of its members may individually already adopt some features outlined in the Relevant Provisions. However, customers will not benefit from the certainty of the new minimum or benchmark standards that would be adopted by COBA members which have subscribed to the 2022 Code.
- 4.6. The ACCC notes that both in the future with the Proposed Conduct and the future without, COBA members will continue to be regulated as authorised deposit taking institutions under a variety of Commonwealth Acts (and their associated regulations), especially the: *Banking Act 1959, Reserve Bank Act 1959, Financial Sector*

⁴ Part E, Section 13.

⁵ A list of the parties consulted and the public submissions received is available from the ACCC's public register www.accc.gov.au/authorisationsregister.

(Shareholdings) Act 1998, Corporations Act 2001, Financial Sector (Collection of Data) Act 2001, and Financial Sector (Transfer and Restructure) Act 1999. Although the recommendations of the Royal Commission were not specifically directed to the customer owned banking sector, legislative and regulatory changes resulting from the Royal Commission also apply to COBA members.

Public benefits

4.7. The CCA does not define what constitutes a public benefit. The ACCC adopts a broad approach. This is consistent with the Australian Competition Tribunal (the **Tribunal**) which has stated that in considering public benefits:

... we would not wish to rule out of consideration any argument coming within the widest possible conception of public benefit. This we see as anything of value to the community generally, any contribution to the aims pursued by society including as one of its principal elements ... the achievement of the economic goals of efficiency and progress.⁶

4.8. COBA has claimed the following public benefits:

- improving accessibility and affordability of banking services
- enhanced protection for customers and guarantors
- enhanced competition by COBA members with the traditional banking sector.

Improved accessibility and affordability of banking services

4.9. The 2022 Code includes commitments to eliminate or rebate certain fees including:

- rebate overdraft or interest fees for low or no fee transaction accounts for low-income customers (paragraph 35)
- lenders mortgage insurance to be charged at cost (paragraph 102)
- no fee for cancellation of direct debit facilities (paragraph 130)
- no late payment, default fees or interest for customers in financial difficulty while they are meeting any conditions of financial assistance (paragraph 154(d))
- no fee for making a complaint (paragraph 170).

4.10. COBA submits that these fee reductions will improve the affordability and accessibility of its members' products to customers, especially lower income customers. COBA submits that the new fee provisions in the 2022 Code are also consistent with the spirit of the recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry in relation to enhancing the accessibility of banking services.

4.11. The ACCC considers that the reduced fees will increase the affordability and access to basic banking services for the customers of COBA members who subscribe to the 2022 Code. The ACCC considers that this is a likely public benefit.

⁶ Queensland Co-operative Milling Association Ltd (1976) ATPR 40-012 at 17,242; cited with approval in Re 7-Eleven Stores (1994) ATPR 41-357 at 42,677.

Enhance protection for customers and guarantors

- 4.12. COBA submits that the remaining changes to the Relevant Provisions in the 2022 Code, other than those related to fees, are intended to enhance protections offered to customers and guarantors. These changes include:
- paragraph 57 of the 2022 Code provides that COBA members which subscribe to the code will dishonour credit card transactions that result in the customer exceeding their credit limit by 10%.
 - the 2022 Code removes provisions that allowed unsolicited offers to increase credit limits in limited circumstances and in paragraphs 55-59 introduced new commitments in relation to application of credit card repayments, dishonouring transactions and balance transfers
 - paragraph 153(c) specifies that there is no requirement for customers in financial difficulty to access their superannuation to meet loan obligations
 - paragraph 154(d) removes late payment and default fees or interest for customers in financial difficulty who are meeting any conditions of financial assistance
 - paragraph 153(f) and 154(e) specify that debt is not to be sold while financial difficulty assistance requests are being considered or customers meet conditions of financial assistance
 - paragraph 165 requires debt to be sold only to businesses that comply with the Debt Collection Guidelines and the Code of Operation and are AFCA members
 - paragraph 166 prohibits selling of debt if it arose from domestic violence or elder abuse
 - greater protections for guarantors⁷ including that a guarantor's security will not be enforced before a borrower's security (paragraphs 72, 74-80 and 84-85)
 - removal of general material adverse change clauses in small business loans and provision of more time to remedy breaches without action being taken by the lender (paragraph 49-52).⁸
- 4.13. The ACCC considers that the 2022 Code is likely to enhance protections on retail and small business loan customers and guarantors. By focusing the increased protections on people in financial difficulty or facing particularly vulnerable circumstances (particularly as reflected in the findings of the Royal Commission) the ACCC is satisfied that the Proposed Conduct will increase borrower protections and that this is likely to result in a public benefit.

Enhanced competition by COBA members with the traditional banking sector

- 4.14. COBA submits that collective implementation by COBA members of the 2022 Code will enhance the quality of its members' products and services and improve customer awareness, understanding and certainty of the new features and terms of its members' financial products. COBA submits that this will be reinforced by a publicity campaign to

⁷ A guarantor is a person who guarantees to repay a loan if the borrower is unable to do so. The security for a loan is a valuable asset which can be sold by the lender to recover the value of a loan if the borrower defaults. In some cases, a loan may be secured by the assets of a guarantor as well as the assets of the borrower. For example, a residential mortgage may be secured by the guarantor's house as well as the house of the borrower who entered the mortgage. This change means that the lender may not sell the guarantor's house before it sells the house of the borrower.

⁸ It is standard for small business commercial lending contracts (including for overdraft accounts used to provide operating liquidity) to include provisions allowing a lender to require immediate repayment if the business owner suffers a significant or material change in life circumstances, even if the business owner is meeting repayments and other loan terms as required.

promote the commitments. COBA submits that as a result its members will be more competitive with traditional banks.

- 4.15. The ACCC considers that to the extent that compliance with the 2022 Code enhances the product offering of COBA members, this is likely to increase competition between COBA members and non-COBA members and that this is a likely public benefit.

Public detriments

- 4.16. The CCA does not define what constitutes a public detriment. The ACCC adopts a broad approach. This is consistent with the Tribunal which has defined it as:

*...any impairment to the community generally, any harm or damage to the aims pursued by the society including as one of its principal elements the achievement of the goal of economic efficiency.*⁹

- 4.17. COBA submits that the 2022 Code is unlikely to lead to any public detriment, including competitive detriment. COBA notes that its members as a whole constitute around 10% of Australian household deposits and also have a relatively small share of small business and mortgage lending.
- 4.18. Given COBA members' relatively low share of consumer transaction accounts, mortgage lending and small business lending in Australia the ACCC considers it unlikely that the 2022 Code will have a significant detrimental impact on competition. The ACCC further notes that the 2022 Code is voluntary and that COBA members may remain members without subscribing to the 2022 Code. The 2022 Code has a complaints handling and publicity related enforcement mechanism as described above at paragraph 2.8. It also has a mechanism to refer more serious complaints to appropriate dispute resolution channels and regulators.

Balance of public benefit and detriment

- 4.19. For the reasons outlined in this draft determination, the ACCC is satisfied that the Proposed Conduct is likely to result in a public benefit and that this public benefit would outweigh any likely detriment to the public from the Proposed Conduct.

Length of authorisation

- 4.20. The Act allows the ACCC to grant authorisation for a limited period of time.¹⁰ This enables the ACCC to be in a position to be satisfied that the likely public benefits will outweigh the detriment for the period of authorisation. It also enables the ACCC to review the authorisation, and the public benefits and detriments that have resulted, after an appropriate period.
- 4.21. In this instance, COBA seeks authorisation for 5 years, in line with the 5-year review period incorporated in the code.
- 4.22. The ACCC proposes to grant authorisation for 5 years.

⁹ Re 7-Eleven Stores (1994) ATPR 41-357 at 42,683.

¹⁰ Subsection 91(1)

5. Draft determination

The application

- 5.1. On 20 April 2022, COBA lodged application AA1000609 with the ACCC, seeking authorisation under subsection 88(1) of the CCA.
- 5.2. COBA seeks authorisation for the Proposed Conduct (defined at paragraph 1.1 with the Relevant Provisions in Attachment 2).
- 5.3. Subsection 90A(1) of the CCA requires that before determining an application for authorisation, the ACCC shall prepare a draft determination.

The authorisation test

- 5.4. Under subsections 90(7) and 90(8) of the CCA, the ACCC must not grant authorisation unless it is satisfied in all the circumstances that the Proposed Conduct is likely to result in a benefit to the public and the benefit would outweigh the detriment to the public that would be likely to result from the Proposed Conduct.
- 5.5. For the reasons outlined in this draft determination, the ACCC is satisfied, in all the circumstances, that the Proposed Conduct would be likely to result in a benefit to the public and the benefit to the public would outweigh the detriment to the public that would result or be likely to result from the Proposed Conduct, including any lessening of competition.
- 5.6. Accordingly, the ACCC proposes to grant authorisation.

Conduct which the ACCC proposes to authorise

- 5.7. The ACCC proposes to grant authorisation AA1000609 to enable COBA and its current and future members to implement the Relevant Provisions of the 2022 Code and defined as the Proposed Conduct.
- 5.8. The Proposed Conduct may involve a cartel provision within the meaning of Division 1 of Part IV of the CCA or may have the purpose or effect of substantially lessening competition within the meaning of section 45 of the CCA.
- 5.9. The ACCC proposes to grant authorisation AA1000609 for 5 years.
- 5.10. The proposed authorisation is in respect of the Relevant Provisions as attached at annexure 2. Any changes to these provisions during the term of the proposed authorisation would not be covered by the proposed authorisation.
- 5.11. This draft determination is made on 27 May 2022.

6. Interim authorisation

- 6.1. The ACCC has decided to grant interim authorisation.
- 6.2. At the time of lodging the application, COBA requested interim authorisation to enable it and its current and future members to make arrangements to finalise and promote the 2022 Code. COBA submits that this is necessary to allow it to prepare the publicity material and educate its members ahead of implementation of the 2022 Code from its proposed 31 October 2022 commencement date.

- 6.3. COBA submits that the practical arrangements it seeks to undertake under interim authorisation include:
- finalising the marketing and communications approach for the 2022 Code
 - issuing bulletins and presenting webinars exploring aspects of the 2022 Code
 - engaging with CEOs and directors of its members and the media to present the 2022 Code
 - finalising and rolling out training and FAQs
 - preparing and launching marketing assets, including social media assets and updating marketing assets, including social media assets and updating COBA's website
 - presenting the 2022 Code at conferences, including the Financial Counselling Australia Conference scheduled for May 2022 and the Community Legal Centres Australia Conference scheduled for August 2022, and
 - preparing for the formal launch in October 2022.
- 6.4. The ACCC has decided to grant interim authorisation as:
- granting interim authorisation is:
 - unlikely to change the market or lead to any harm to any market participants
 - will assist COBA to educate its members and for its members to educate their staff and prepare relevant educational material ahead of the proposed 31 October 2022 commencement date for the 2022 Code, and
 - the ACCC's assessment to date is that the Proposed Conduct is likely to result in public benefits and no public detriment.
- 6.5. Accordingly, the ACCC grants interim authorisation to enable COBA and its current and future members to finalise and promote the 2022 Code.
- 6.6. Interim authorisation commences immediately and remains in place until it is revoked or the date the ACCC's final determination comes into effect or when the application for authorisation is withdrawn.

7. Next steps

- 7.1. The ACCC now invites submissions in response to this draft determination by 10 June 2022. In addition, consistent with section 90A of the CCA, COBA or an interested party may request that the ACCC hold a conference to discuss the draft determination.

Annexure 1 COBA Member Institutions

1. Australian Central Credit Union Limited (trading as People's Choice Credit Union Limited)
2. Australian Military Bank Limited
3. Australian Mutual Bank Limited
4. Australian Unity Bank Limited
5. B & E Limited (trading as Bank of us)
6. Bank Australia Limited
7. Beyond Bank Australia Limited (trading as Beyond Bank Australia and Nexus Mutual)
8. Central Murray Credit Union Limited
9. Central West Credit Union Limited
10. Coastline Credit Union Limited
11. Community First Credit Union Limited (trading as Community First Credit Union and Easy Street)
12. Credit Union Australia Limited (trading as Great Southern Bank)
13. Credit Union SA Limited
14. Defence Bank Limited
15. Dnister Ukrainian Credit Co-operative Limited
16. Family First Credit Union Limited (trading as Family First Bank)
17. Fire Service Credit Union Limited
18. First Choice Credit Union Limited
19. First Option Bank Limited
20. Ford Co-Operative Credit Society Limited (trading as Geelong Bank)
21. G&C Mutual Bank Limited
22. Gateway Bank Limited
23. Goulburn Murray Credit Union Co-Operative Limited
24. Greater Bank Limited
25. Heritage Bank Limited
26. Horizon Credit Union Limited (trading as Horizon Bank)
27. Hume Bank Limited

28. Illawarra Credit Union Limited
29. IMB Limited (trading as IMB Bank and Hunter United)
30. Laboratories Credit Union Limited
31. Macarthur Credit Union Limited (trading as The Mac)
32. Macquarie Credit Union Limited
33. Maitland Mutual Limited (trading as The Mutual Bank)
34. Members Banking Group Limited (trading as RACQ Bank)
35. Newcastle Permanent Building Society Limited
36. Northern Inland Credit Union Limited
37. Orange Credit Union Limited
38. Police Bank Limited (trading as Police Bank, Border Bank and Bank of Heritage Isle)
39. Police & Nurses Limited (trading as P&N Bank and BCU)
40. Police Credit Union Limited
41. QPCU Limited (trading as QBANK)
42. Qudos Mutual Limited (trading as Qudos Bank)
43. Queensland Country Bank Limited
44. Railways Credit Union Limited (trading as MOVE)
45. Regional Australia Bank Limited
46. South West Slopes Credit Union Limited
47. South-West Credit Union Co-Operative Limited
48. Summerland Financial Services Limited (trading as Summerland Credit Union)
49. Teachers Mutual Bank Limited (trading as Teachers Mutual Bank, UniBank, Firefighters Mutual Bank, Health Professionals Bank, Hiver Bank).
50. The Broken Hill Community Credit Union Limited
51. The Capricornian Limited
52. Traditional Credit Union Limited
53. Transport Mutual Credit Union Limited
54. Unity Bank Limited (trading as Unity Bank, Reliance Bank, Bankstown City Unity Bank and Central Coast Unity Bank)
55. Victoria Teachers Limited (trading as Bank First)

56. Warwick Credit Union Limited (trading Warwick Credit Union, Gympie Credit Union and Dalby Credit Union)
57. WAW Credit Union Co-Operative Limited
58. Woolworths Team Bank Limited

Annexure 2

Specific provisions of the 2022 Customer Owned Banking Code of Practice that are the subject of this authorisation application

Commitments
Low and no fee transaction accounts for eligible customers
If: a. we establish an account of this type for you, and b. we process a transaction that causes your account to be overdrawn, and charge you an overdrawn fee or any interest on the overdrawn amount, we will rebate this fee or interest to you within 30 days. We will state this rebate commitment clearly in the account Terms and Conditions.
Additional commitments for Small Business customers
We will not include a general material adverse change default clause in our Small Business loan contracts.
If we give you notice of a breach of your Small Business loan, we will not require you to repay the full amount of the loan, or take proceedings to enforce the loan, unless you fail to remedy the breach during the notice period.
Credit cards
We will dishonour a credit card transaction that would result in you exceeding your credit limit by more than 10%. (This commitment does not restrict us from dishonouring a credit card transaction that would result in any exceeding of your credit limit. We may consider that to do so would be consistent with our prudential obligations).
Safeguards for loan guarantors
We will not enforce a guarantee against you if we fail to comply with any of paragraphs 78, 79 and 80. (Paragraphs 78, 79 and 80 state: 78. We will ensure that a warning notice appears directly above the place you sign the guarantee. The warning notice will be substantially in the format required for a guarantee regulated by the National Credit Code. 79. We will not give the guarantee to the borrower, or someone acting on behalf of the borrower to arrange the signing, unless the person acting on behalf of the borrower is also your solicitor. In that case, we may give the guarantee to that person to arrange the signing. 80. Where we attend the signing of the guarantee, we will ensure that you sign the guarantee in the absence of the borrower.)
Unless we agree otherwise with you, we will not enforce any mortgage or other security you have given us in connection with your guarantee without first enforcing any mortgage or other security provided by the borrower. This does not apply if we reasonably believe that

Commitments
the borrower's mortgage or other security will not be sufficient to repay a substantial portion of the guaranteed liability.
We will not enforce a judgement against you under a guarantee unless: <ul style="list-style-type: none"> a. we have first enforced any mortgage or other security provided by the borrower, and b. we have obtained judgement against the borrower, and the judgement debt remains unpaid 30 days after we demand payment from the borrower in writing.
Lenders mortgage insurance
We will not charge you more than the actual cost we incur for lenders mortgage insurance. We will not receive a commission from the issuer of the lenders mortgage insurance policy.
Direct debit arrangements and recurring payments arrangements
We will not charge you a fee for cancelling a direct debit facility.
If you are in financial difficulty
If you request financial difficulty assistance, we will: not require you to access your superannuation to meet your loan obligations (unless you are borrowing for a self-managed superannuation fund)
If you request financial difficulty assistance, we will: not sell your debt while we are still considering your request
If we reach agreement about assistance to help you with your financial difficulty, we will: not charge you late payment or default fees, or default interest while you are meeting any conditions of that assistance (unless you are a Small Business customer)
If we reach agreement about assistance to help you with your financial difficulty, we will: not sell your debt while you are meeting any conditions of that assistance
Debt collection and legal action
We will only sell debt to businesses that: <ul style="list-style-type: none"> a. have agreed to comply with both the Debt Collection Guidelines and the Code of Operation: Recovery of Debts from Department of Human Services Income Support Payments and Veterans' Affairs Payments, or any successor Code, and b. are a member of AFCA.
We will not sell your debt if we are aware that your debt arose from domestic violence or elder abuse.
Prompt, fair resolution of complaints
We will not charge you a fee for making a complaint.
Definitions
<ul style="list-style-type: none"> • "AFCA" – the Australian Financial Complaints Authority, an independent complaints handling authority overseen by ASIC (i.e. that is able to review our handling of your complaints, subject to its Rules).

Commitments

- **“ASIC”** – the Australian Securities and Investments Commission.
- **“Complaint”** – Any expression of dissatisfaction made to us relating to our products, services, staff or handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.
- **“Customer”** – means a member or a customer of a Code Subscriber.
- **“Sell”** – **A reference to us selling debts does not include a securitisation arrangement where we remain the lender of record for those debts.**
- **“Small Business”** – A business or group having fewer than 100 full-time (or equivalent) employees.
- **“Small Business loan”** – A loan to a Small Business with total debt to all credit providers (including any undrawn credit under an existing loan plus the loan applied for) of less than \$5 million.
- **“We”, “us” and “our”** – Refers to your customer owned banking institution being a subscriber to the Customer Owned Banking Code of Practice. Where the Code refers to information that you tell “us” or information that “we” are aware of, “us” or “we” refers to the particular staff of your customer owned banking institution who are assisting you at the relevant time.
- **“You”, “Your”** – Refers to an individual or Small Business who is our customer and, where relevant, a prospective customer or guarantor, or prospective guarantor of a customer who is an individual or Small Business.



**CUSTOMER
OWNED
BANKING
ASSOCIATION**

Customer Owned Banking 2021 Code of Practice

Version 1.0

2 July 2021

About the Code

The Customer Owned Banking Code of Practice is the industry code of practice for Australia's customer-owned banking institutions (i.e. mutual banks, credit unions and building societies).

The Code has been developed by the Customer Owned Banking Association (COBA) working with COBA members, consumer groups and other stakeholders. This version of the Code was approved for use by the COBA Board on 20 April 2021.

Around four and a half million Australians bank with a customer-owned banking institution. Accordingly, customer-owned banking institutions add greatly to the competitive landscape in Australia. We meet the same regulatory standards as other banks, and are prudent and strong financial service providers.

We are different in that we offer customers the opportunity to bank with an institution in which they have an equal ownership stake along with all other customers. Typically, customer-owned banking institutions have their origins in a particular community, and we retain today our emphasis on contributing to the community in which we operate.

Our Code is an important public expression of the value we place on improving the financial wellbeing of our individual members and their communities. This is the reason that we exist.

The Code operates in addition to legislative requirements, establishes higher standards than the law requires, and addresses issues not addressed by the law. It comprises seven key promises and detailed supporting obligations. It includes a requirement that we incorporate these obligations into our contracts with customers.

All COBA members are strongly encouraged to adopt this Code, and to agree to abide by these higher standards and additional requirements. These obligations then become part of their contract with customers, so that customers are able to enforce both the key promises and the detailed obligations.

Customers can have confidence in knowing they are covered by a market leading, plain English commitment to fair and customer-centric banking.

Mike Lawrence

Chief Executive Officer

Customer Owned Banking Association

Part A – Our promises to you

We will comply with this Code in our dealings with you. We will incorporate this Code by reference in our written Terms and Conditions for products and facilities to which the Code applies. We will do this within twelve months of agreeing to adopt this Code (or, if later, within twelve months of the commencement date of this Code).

Our Code obligations include the following key promises that we make to you as our customers and owners.

1. We will deliver banking services in the interests of our customers.
2. We will obey the law.
3. We will not mislead or deceive.
4. We will act honestly and fairly.
5. We will offer products and services that are fit for general purpose.
6. We will deliver services with reasonable care and skill.
7. We will contribute to our community.

Part B – Delivering on our Promises

Advertising and promotion

8. We will ensure our advertising and promotional material is not misleading or deceptive and is appropriate for the target market.
9. We will not mislead or deceive you either by what we say or represent, or by omission (what we fail to say or represent).
10. We will ensure that any images used do not contradict, detract from or reduce the prominence of any statements made.
11. We will have regard to ASIC regulatory guidance about advertising of financial products and services including credit when developing and reviewing our advertising and promotional material.
12. We will not use unfair pressure sales techniques when promoting our products and services to you.

Inclusive banking services

13. We will take reasonable steps to make our banking services accessible for individual customers in the areas in which we operate, including customers who speak English as a second language, older customers, people with a disability, and First Nations Peoples.
14. If you tell us about your personal or financial circumstance, we will work with you to identify a way for you to access and undertake your banking.
15. When you apply for a new banking product, if you tell us that you are on a low income or we are aware that you hold a Commonwealth concession card, we will give you information about banking products we offer that may be more favourable.
16. We will adapt our customer service standards where reasonably practicable, and take extra care where we are aware that you are experiencing vulnerable circumstances. This might be because of:
 - a. age-related impairment
 - b. cognitive impairment
 - c. disability
 - d. elder abuse
 - e. domestic violence
 - f. financial abuse
 - g. mental illness
 - h. a serious health issue

- i. factors relating to your cultural background or because English is not your first language
 - j. your unfamiliarity with banking products and services, or
 - k. other personal or financial circumstance causing significant detriment.
17. We will train our staff how to identify customers experiencing vulnerability, and how to adapt our customer service standards for them in a sensitive and helpful way. Our training will include awareness of vulnerable circumstances as a result of domestic violence and elder abuse.
18. We will offer to communicate with you through an interpreter service where reasonably practical if you do not speak fluent English, and we think that you would clearly benefit from this assistance.
19. We will offer to communicate with you through the National Relay Service if you have hearing difficulties, and we think that you would clearly benefit from this assistance.

Information about our products

20. We will make general information about our products and facilities readily available in a timely manner to customers and the public. This information will be:
- a. clear, concise and accurate
 - b. written in plain language
 - c. generally sufficient to allow you to make an informed decision about the product or facility, and
 - d. consistent with any applicable legal requirements.
21. We will make a copy of the Terms and Conditions applying to a product or facility available to you. We will not require you to apply for the product or facility first.
22. We will answer any questions you have about the features of our products and facilities and how they work.
23. If you ask us for advice about any of our banking services, we will provide advice through staff who are trained to provide that advice, or we will suggest that you obtain advice from a lawyer, accountant, financial adviser or financial counsellor.

Interest rates, fees and charges

24. We will regularly review any fees and charges on our products and services.
25. We will make sure any exception fees we charge (including credit card late payment fees, account overdrawn or dishonour fees, direct debit dishonour fees, cheque dishonour fees, and ATM failed transaction fees) are reasonable having regard to our costs. Our costs include charges imposed by our service providers, where applicable.
26. We will make sure any fixed rate loan break fees we charge you are reasonable, having regard to our loss arising from your early termination of your loan.

27. Interest rates and fees and charges applying to our products and facilities will be readily available to customers and the public. The information will be clear, concise and up-to-date. We will regularly review the effectiveness of our disclosure to customers of this information.
28. For products with variable interest rates, we will tell you what the current rate is when you apply for the product.
29. When issuing you with a new product or facility, we will provide you with information about:
 - a. how and when different interest rates apply, the method by which interest is calculated, and when interest will be debited or credited to your account
 - b. all applicable fees and charges, and how often they are debited to your account. This will include information about non-standard fees that only apply in particular situations (such as fixed rate loan break fees, fees if you overdraw your account, or you are late in making your payments), and
 - c. general information for customers on how to avoid or minimise non-standard fees and charges.
30. We will answer any questions you have about the fees applying to a product or facility in a timely manner. On request, we will also explain to you how our interest rates are calculated and applied.
31. We will inform you of a transaction service fee (e.g. a bank cheque fee) immediately before you incur the fee if it is practical and reasonable for us to do so. It may not be practical to do this if we impose a transaction account charge based on your number of transactions.

Exchange rates and commissions

32. If we provide you with a foreign exchange service (other than by credit or debit card or travellers' cheque), the information we give you will include:
 - a. details of the exchange rates and commission charges that we know will apply – and if we do not know those details, how to find out the relevant information at the time of the transaction, and
 - b. an indication of when money we send overseas for you would normally arrive at the account or other destination to which you are sending it.

Low or no fee transaction accounts for eligible customers

33. We may offer a low or no fee transaction account that does not have an overdraft facility and is only available to customers who hold a Commonwealth concession card, and who meet other eligibility requirements. If so, we will publicly disclose annually, for example in our annual report, and how many of our customers have accounts of this type.

34. If we offer an account of this type, we will train our staff to help them recognise customers or potential customers who may qualify for this account.
35. If:
- a. we establish an account of this type for you, and
 - b. we process a transaction that causes your account to be overdrawn, and charge you an overdrawn fee or any interest on the overdrawn amount,
- we will rebate this fee or interest to you within 30 days. We will state this rebate commitment clearly in the account Terms and Conditions.
36. The rebate commitment in paragraph 35 does not apply to an account that was opened for you prior to this Code coming into effect.

Term deposits

37. Our term deposit account Terms and Conditions will include:
- a. how we will pay interest and repay the principal to you
 - b. how funds may be dealt with at maturity, and
 - c. details of any fee, charge or change in an interest rate resulting from a withdrawal in advance of maturity.

Cheque accounts

38. If you have a cheque account, our account information will include:
- a. the normal length of time we take to clear a cheque
 - b. how and when a cheque may be stopped
 - c. the meaning of 'not negotiable' and 'account payee only', and the significance of deleting the words 'or bearer' from a cheque
 - d. how you may write a cheque to reduce the risk of it being changed in unauthorised ways, and
 - e. when we will not pay a cheque, including if it is post-dated or stale.

Fair Terms and Conditions

39. The Terms and Conditions applying to our products and facilities will be:
- a. clear, unambiguous, and not misleading
 - b. distinct from our advertising and promotional material
 - c. written in a plain language style, and legibly presented.
40. Our Terms and Conditions will be consistent with this Code. They will strike a fair balance between:
- a. the legitimate needs and interests of our customers, and

- b. our interests and obligations, including our prudential and regulatory obligations.
41. This section does not limit our right to determine the pricing of our products and facilities on a commercial basis.

Lending

42. We will exercise the care and skill of a diligent and prudent banker when lending to an individual customer or Small Business. This obligation is also for the benefit of your guarantor.
43. If we provide you with a loan secured by a mortgage over a property, we will remind you at the start of the loan of your obligation to insure the property. We will repeat our reminder once a year during the term of the loan. Our reminder will include a reference to the Australian Securities and Investments Commission's MoneySmart website (moneysmart.gov.au) for information on property insurance.

Additional commitments for Small Business customers

44. We will tell you what information we need to assess your application for a Small Business loan, and the likely time we will take to decide whether to approve the loan. In assessing your ability to repay a loan, we may take into account the resources of your directors, shareholders and guarantors.
45. Before you accept a Small Business loan, we will provide you with an easy to read summary of the key general terms and conditions of the loan. This summary may be a separate document, or appear at the front of the loan document.
46. If we are unwilling to provide you with a Small Business loan, we will explain the general reasons to you, if this is appropriate.
47. Our processes in relation to external expert valuations and investigative accountants' reports will be fair and transparent. This includes ensuring:
- a. that the selected valuer or accountant is appropriately qualified and experienced, and
 - b. appropriate management of any conflict of interest when appointing as a receiver someone who has provided an investigating accountant report about your business.
48. If we have charged you, or you have reimbursed us for:
- a. a valuation of a commercial or agricultural property, or
 - b. an accountant's report,

except where we have commenced enforcement proceedings, we will provide you with the report and our instructions to the valuer or accountant. Before providing these to you, we may require you to acknowledge in writing that you accept our reasonable limitations on your use of these.

49. We will not include a general material adverse change default clause in our Small Business loan contracts.
50. If you breach a Small Business loan payment obligation, we will give you at least 30 days' notice to remedy your breach unless paragraph 52 applies.
51. For other breaches that are capable of remedy, we will give you a reasonable timeframe – at least 3 months – to remedy the breach unless paragraph 52 applies.
52. The notice periods specified in paragraphs 50 and 51 do not apply if:
 - a. you or a guarantor goes into bankruptcy or voluntary administration
 - b. we have required you to make early repayment, or taken enforcement proceedings under a separate financing arrangement you have with us
 - c. it becomes unlawful for you or us to continue with the loan
 - d. enforcement proceedings are taken against you or a guarantor by another creditor, and we reasonably consider that this is likely to have a material impact on your ability to meet your financial obligations to us
 - e. you deal with your assets in breach of your loan or security documents without our consent, and we reasonably consider that this is likely to have a material impact on your ability to meet your financial obligations to us, or
 - f. you have breached the law, and we reasonably consider that this is likely to have a material impact on your ability to meet your financial obligations.
53. If we give you notice of a breach of your Small Business loan, we will not require you to repay the full amount of the loan, or take proceedings to enforce the loan, unless you fail to remedy the breach during the notice period.
54. We will give you at least 3 months' notice if we decide that we will not extend the term of your continuing credit Small Business loan. This does not apply if (at the end of the term of your Small Business loan), you are in breach of any of the loan obligations.

Credit cards

55. When you apply for a credit card, we will ask you to specify what dollar limit you would like. When we issue you with a card, we will provide you with a credit limit that does not exceed your requested dollar limit.
56. We will apply any payment you make to your credit card to the amounts that have the highest interest rate as at the last statement date.
57. We will dishonour a credit card transaction that would result in you exceeding your credit limit by more than 10%. (This commitment does not restrict us from dishonouring a credit card transaction that would result in any exceeding of your credit limit. We may consider that to do so would be consistent with our prudential obligations).
58. If you transfer an existing credit card balance to a new credit card that we issue, our application process will include a prompt that you should cancel the other credit card.

59. If we make you an introductory balance transfer offer on your credit card for a fixed period of time, we will give you at least 30 days' notice before that period is due to end.
60. If we cancel your credit card, we will tell you and, if appropriate, give you the general reasons for doing so.

Joint accounts

61. If you are opening a joint account, we will make available general information about how you can use that account, and your rights and responsibilities as a joint account holder.
62. If your joint account enables either you or another account holder(s) to make withdrawals without the other person's co-authorisation, our Terms and Conditions will oblige us to comply with a request by any one of you:
 - a. to change the account approval so that all joint account holders must approve any future withdrawals, or
 - b. to suspend the account (or a redraw facility on a loan account) to allow you and the other account holders time to reach agreement about dispersal of the account funds.

(This paragraph does not, for example, apply to an account in a single name but with multiple signatories – e.g. a company account where directors are co-signatories on behalf of the company).

Subsidiary cards

63. When issuing a subsidiary credit or debit card at your (the primary cardholder's) request, we will provide you with general information about your liability for debts incurred by the subsidiary cardholder when using their card. This information will include our procedures for stopping or cancelling a subsidiary card.
64. If you instruct us by telephone or face to face in a branch to cancel a subsidiary card, you will not be liable for any losses resulting from unauthorised use of the subsidiary card following cancellation.

Safeguards for co-borrowers

65. We will not accept you as a co-borrower if, on the information you have provided to us in the course of applying for this loan, you will not receive a substantial benefit from the loan unless:
 - a. we have taken reasonable steps to ensure that you understand the risks associated with entering into the loan and the difference between being a co-borrower and guarantor, and we have taken into account why you want to be a co-borrower, and
 - b. we are satisfied that you are not experiencing financial abuse.
66. Before we accept you as a co-borrower under a loan or other credit facility, we will provide you with general information on your liability to repay the full amount of the debt.

67. If you are jointly and severally liable for a loan or other credit facility, you may give us a written notice to terminate your liability if no credit has been provided or relied upon by any co-borrower.
68. If credit has been provided, you may give us a written notice to terminate your liability for future financial accommodation. However, this right only applies where:
 - a. we have the right in these circumstances to terminate any obligation to provide further credit to another borrower under the same credit facility, and
 - b. in the case of a loan for a building project, the project is complete.
69. Paragraphs 65 to 68 do not apply to a Small Business loan.

Safeguards for loan guarantors

70. This section (paragraphs 71 to 90) provides safeguards for an individual or Small Business that gives a guarantee that secures a loan or other credit facility that we provide to the customer. Paragraph 91 specifies the paragraphs within this section that apply if you are guaranteeing a loan to a Small Business as a director of that company.
71. We will not accept a guarantee, or an extension of a guarantee, from you unless the borrower agrees to us releasing to you the information and documents referred to in this section.
72. Subject to paragraph 81, we will only accept a guarantee from you if your liability under the guarantee is limited to:
 - a. a specific amount, plus interest and enforcement costs, and / or
 - b. the value of a specified security at the time of recovery.
73. The specific amount of your liability under the guarantee may be increased with your written consent, subject to law.
74. Before we obtain a guarantee from you, we will give you a prominent notice that:
 - a. you can refuse to enter into the guarantee
 - b. you have a right to limit your liability in accordance with this Code, and as allowed by law
 - c. there are financial risks involved
 - d. if applicable, that the guarantee may cover future credit facilities and variations of the existing credit facility with your written consent
 - e. if you receive a Commonwealth pension, acting as a guarantor may affect your pension entitlement
 - f. you should consider the information and documents we provide to you, and you can request further information or clarification if required, and
 - g. you should seek independent legal and financial advice before entering into the guarantee (in some circumstances, we may require that you obtain such advice as a condition of accepting your guarantee).
75. We will give you a copy of:
 - a. the credit contract or proposed credit contract that you propose to guarantee

- b. details of any security to be provided by the borrower in support of the loan
- c. any relevant credit report from a credit reporting body
- d. any relevant credit-related insurance contract that we have in our possession
- e. if the borrower is a business – any financial accounts the borrower has given us in the previous two years for the purposes of the credit to be guaranteed
- f. if the borrower is an individual – any summary statement of financial position the borrower has given us in the previous two years for the purposes of the credit to be guaranteed
- g. the latest statement of account for the credit to be guaranteed (this will not apply to a new credit contract), and
- h. any other information that you reasonably request, other than our internal notes and assessments.

76. In addition, we will provide you with any other information that we have and, in our reasonable view, a careful and prudent prospective guarantor might wish to consider regarding:
- a. the financial position of the borrower (for example, we will tell you if any existing loan to the borrower will be cancelled if the guarantee is not provided), and
 - b. any notice of demand we have made on the borrower within the previous two years).

This commitment does not include providing records of our opinions regarding the borrower, the proposed loan, or related matters.

77. We will not ask you to sign a guarantee, or accept a signed guarantee:
- a. unless we have provided you with the information referred to in paragraphs 74 to 76, and
 - b. we have given you until at least the third business day later to consider that information. However, we are not obliged to wait if you have already obtained independent legal advice about the guarantee, and you did so after having received the information referred to in paragraphs 74 to 76.

78. We will ensure that a warning notice appears directly above the place you sign the guarantee. The warning notice will be substantially in the format required for a guarantee regulated by the National Credit Code.

79. We will not give the guarantee to the borrower, or someone acting on behalf of the borrower to arrange the signing, unless the person acting on behalf of the borrower is also your solicitor. In that case, we may give the guarantee to that person to arrange the signing.

80. Where we attend the signing of the guarantee, we will ensure that you sign the guarantee in the absence of the borrower.

81. A guarantee may contain a provision allowing the guarantee to be extended to cover another loan in the future. However, we will not make you liable for any amount under a future loan unless we have:

- a. given you a copy of the credit contract or proposed credit contract
- b. provided you with any updated information that we have on the financial position of the borrower, being information that a careful and prudent guarantor may wish to consider before allowing a guarantee to be extended, and
- c. obtained your written acceptance of the extension of the guarantee.

82. You may withdraw from your guarantee if you give reasonable notice before we provide credit under the guaranteed loan.
83. If you give us notice that you would like to limit a guarantee you have provided to us, we must accept your request provided your requested limit covers:
 - a. the borrower's existing liability (plus any interest, fees or charges that have accrued in respect of that liability)
 - b. any further advances we are obliged to make to the borrower, and
 - c. any amounts we need to spend to preserve the current value of security we hold for the borrower's loan.
84. Once we have a guarantee agreement with you, we will give you:
 - a. notice in writing within 14 days if the borrower tells us that they are experiencing financial difficulty, and we provide assistance in response
 - b. a copy of any formal demand or default notice within 14 days after we send this to the borrower
 - c. notice in writing within 14 days after we issue a formal demand or default notice to the borrower for continuing default for a period of more than two months.
85. If you ask us, we will give you within 14 days:
 - a. a copy of the latest account statement (if any) provided to the borrower, and
 - b. a further copy of anything we have previously given to you (other than information provided in the last 3 months).
86. You may at any time extinguish your liability to us under a guarantee by:
 - a. paying the outstanding liability of the borrower (including any future or contingent liability)
 - b. paying any lesser amount that your liability is limited to by the terms of the guarantee, or
 - c. making other arrangements satisfactory to us for the release of the guarantee.
87. We will not enforce a guarantee against you if we fail to comply with any of paragraphs 78, 79 and 80.
88. Unless we agree otherwise with you, we will not enforce any mortgage or other security you have given us in connection with your guarantee without first enforcing any mortgage or other security provided by the borrower. This does not apply if we reasonably believe that the borrower's mortgage or other security will not be sufficient to repay a substantial portion of the guaranteed liability.
89. We will not enforce a judgement against you under a guarantee unless:
 - a. we have first enforced any mortgage or other security provided by the borrower, and
 - b. we have obtained judgement against the borrower, and the judgement debt remains unpaid 30 days after we demand payment from the borrower in writing.
90. Paragraph 89 does not apply if:
 - a. the borrower is a Small Business
 - b. we have made reasonable attempts to locate the borrower without success, or

- c. the borrower is insolvent.

Guarantors who are directors of the borrower

- 91. If you guarantee a loan to a Small Business as a director of that company:
 - a. paragraphs 71, 72, 73, 74, 78, 81, 83, 84 and 86 apply to you, and
 - b. we will tell you that you may request the documents specified in paragraphs 75 and 76, and that these documents contain important information.

Third party products and services

- 92. We may introduce third party service providers or introduce, arrange or distribute products and facilities issued by other organisations. We will take steps to ensure that providers we introduce are reputable; and that the third party products and facilities we distribute are useful, reliable and of value to our customers. We will regularly review the third party service providers and products and facilities we introduce, arrange or distribute.
- 93. We will not distribute discretionary risk products (these give the provider or distributor an absolute discretion as to whether a claim will be met, and so are not regulated as insurance contracts).
- 94. If you use a digital process to apply to us for consumer credit insurance, we will:
 - a. include in the digital process a link to the ASIC MoneySmart webpage relating to consumer credit insurance (if available), and
 - b. include filtering questions in our consumer credit insurance application to alert you to key policy exclusions such as age, residency and employment status – and if you are not eligible to claim for a substantial part of the policy benefits, we will not put in place consumer credit insurance for you.
- 95. If we offer you consumer credit insurance in a branch or when you telephone us, we will meet the requirements set out in paragraphs 96 to 99.
- 96. We will ensure that our sales practices do not assume customer knowledge of how consumer credit insurance operates.
- 97. We will give you clear information that enables you to make an informed decision. This includes information about:
 - a. the periodic amount payable for the insurance including any interest you will pay on the premium (where the premium is calculated as a percentage or cost per dollar of the outstanding debt or statement balance, we will tell you that cost and how we calculate it)
 - b. the total cost of the insurance (if known)
 - c. the circumstances in which benefits would be payable
 - d. the key exclusions that apply
 - e. the monetary limits on any benefit
 - f. the length of time a benefit would be payable

- g. the date your insurance ends (if different from when the relevant credit product ends), and
 - h. the previous financial year claims ratio for the product.
98. We will not put in place consumer credit insurance for you if you are not eligible to claim for a substantial part of the insurance benefits.
99. We will only put in place consumer credit insurance if we have your express consent.

Lenders mortgage insurance

100. We may require you to pay for lenders mortgage insurance in connection with a loan we provide to you. If we do this, we will provide you with a fact sheet that explains lenders mortgage insurance, including that this insures us against any shortfall if we sell your property, and the sale price is less than what you owe us, and that our insurer can recover from you the amount of the shortfall.
101. If the cost of lenders mortgage insurance is added to your loan, we will:
- a. disclose to you the cost of the insurance, and
 - b. tell you that interest on this amount will accrue over the life of the loan.
102. We will not charge you more than the actual cost we incur for lenders mortgage insurance. We will not receive a commission from the issuer of the lenders mortgage insurance policy.
103. If we require you to pay for lenders mortgage insurance, and the policy provides an entitlement to a refund if you repay your loan before the end of the policy, we will ensure that we claim a refund where available and pay that amount to you.

Timely, clear and effective communication

104. We are committed to timely communication with our customers. We will generally respond to telephone and electronic messages within 3 business days. If you write to us, we will generally respond within 7 business days of receipt of your communication. These general timeframes apply where the law or this Code does not specify a particular timeframe for us to respond to you.
105. We are committed to clear and effective communication with our customers. We will write our letters, notices, brochures, telephone scripts, website messages and other communications in plain language, avoiding legal and technical jargon as far as possible.

Account statements and balances

106. We will provide you with regular account statements, at least every 6 months, clearly setting out all transactions relating to your deposit and loan accounts with us. We will send these account statements to the last address you have given us, unless we reasonably believe that this is no

longer your correct address. (The provision of account statements electronically is addressed in paragraphs 118 to 121).

107. If at your request, we provide more frequent account statements, we may charge a reasonable fee, reflecting our costs (although we may waive this if we are satisfied that your circumstances warrant this).
108. If we offer account statements in paper and electronic form and, at your request, we provide the paper form – we may charge a reasonable fee, reflecting our costs (although we may waive this if we are satisfied that your circumstances warrant this).
109. If the rules about statements of account in the National Credit Code do not apply to your loan or credit account, we will nevertheless provide you with statements of account that meet those requirements to the extent that this is practical.
110. Account statements will include clear information about our fees and charges incurred on your account during the statement period. Fee amounts will not be bundled, but will be broken down by transaction type and channel. The impact of any applicable fee-free limit or rebate scheme will also be indicated.
111. We will provide a simple method(s) of access for you to find out the balance on your account, for example, an online facility to do this. We will not impose any fees for using this access method.
112. This section does not apply to:
 - a. passbook accounts, and
 - b. accounts that are dormant.

Notifying changes to your account

113. Except where paragraph 114 applies, we will give you at least 20 days advance notice before we do any of the following in relation to your account:
 - a. introduce a new fee or charge
 - b. increase a fee or charge
 - c. reduce the number of fee-free transactions permitted on the account
 - d. vary the minimum balance to which an account keeping fee applies
 - e. vary the method by which interest on your account is calculated, or
 - f. vary the circumstances when interest is credited or debited to your account.
114. If there is a change to, or introduction of a government charge that you directly or indirectly pay as part of your banking service, we will tell you about this reasonably promptly after the government notifies us, unless the government itself publicises the introduction or change.
115. We will notify you of an increase in the interest we charge on your loan or credit facility no later than the day on which the change takes effect. We will also advise you of any new minimum repayment amount.

116. We may use various methods to notify you of changes to your account. Subject to applicable laws, these may include one or more of: notification on or with your account statement; notification by direct communication; announcement via our newsletter or website; or advertisement in the local media or national media. When deciding how to notify a change, we will consider the nature and extent of the account change, as well as the cost and effectiveness of different methods of notification.
117. If we commit to notify you at either your email or postal address of changes to your account, this is subject to you keeping us informed of your current address for contact purposes.

Use of electronic means of communication

118. To the extent permitted by law, we may provide any notice or other information required by this Code to you in writing, electronically or by telephone, or by telling you that the information is available on our website or other electronic forum.
119. If we offer a product on the basis that statements and other account information will only be available electronically, we will:
- a. clearly disclose this to you, and
 - b. obtain your specific positive acknowledgement of the arrangement before we issue or distribute the product to you.
120. When providing disclosure documents, account statements, notices and other prescribed information to you electronically, we will ensure that we adopt practices that take appropriate account of online security risks and ASIC regulatory guidance about online disclosure. (Also see paragraphs 142 to 146).
121. We will provide prescribed information to you electronically in a form that allows you to retain the information (for example by printing and saving it). Our electronic communications will be comparable with equivalent paper documents in terms of the clarity and content of the information provided.

Replacement copies of documents, statements, and other information

122. At your request, we will send you a replacement copy of any of the following documents relating to a product or facility you have, or have had, with us:
- a. a loan application
 - b. a contract (including Terms and Conditions, and details of interest rates and fees and charges)
 - c. a mortgage or other security document
 - d. an account statement, and
 - e. a notice we have previously given you about us exercising our rights (unless the notice was issued more than two years before the discharge or termination of the contract to which the notice is related).

This section does not apply to documents we are no longer legally required to retain.

123. If a replacement copy of a document is requested, we will provide it to you:
- a. within 14 days if the original came into existence 1 year or less before you make the request, and
 - b. within 30 days if the original came into existence more than 1 year but less than 7 years before you make the request.

If for some reason we are unable to provide a document within these timeframes, we will advise you in writing, together with the expected timeframe for providing the document.

124. Documents may be provided in the form of a computer-generated record.
125. We may charge a reasonable fee, reflecting our costs, for providing a replacement document, but may waive this if we are satisfied that your circumstances warrant this.
126. Access to your personal information is addressed more generally in paragraphs 142 to 146.

ePayments Code

127. We will subscribe to the ePayments Code, administered by the Australian Securities and Investments Commission, so that you have the benefit of the protections of that Code.

Direct debit arrangements and recurring payments arrangements

128. Our website will provide clear, simple customer guidance about the difference between recurring payment arrangements set up with a credit or debit card and direct debits set up using a BSB and account number, and how to cancel both of these.
129. We will take action to cancel a direct debit facility linked to your transaction account within 1 business day if you ask us to do so. We will not tell you to try to cancel the facility with the biller or other direct debit user first (but we may suggest that you also contact the direct debit user and explain the benefits of doing this).
130. We will not charge you a fee for cancelling a direct debit facility.
131. If you tell us you wish to cancel only one of multiple payment arrangements associated with a single direct debit, we will advise you to establish a new facility for the payment arrangements you wish to maintain.
132. We will promptly investigate if you complain that a direct debit was not authorised or is otherwise irregular. We will not tell you to resolve the matter with the biller or other direct debit user first (but we may suggest that you also contact the direct debit user).

Seeking a chargeback on your behalf

133. If you make a purchase using a credit or debit card (e.g. a MasterCard, AMEX or VISA card issued by us), we may be able to claim a chargeback on your behalf (i.e. a credit equal to the

amount of the purchase), if a problem with a purchase arises (such as an unauthorised purchase, or non-delivery of goods ordered).

134. If you dispute a transaction with us within the required timeframe and we can seek a chargeback on your behalf, we will do so without delay. We will also:
 - a. ensure we claim the chargeback for the most appropriate reason, and
 - b. not accept a refusal to chargeback by the merchant's financial institution unless it is consistent with the relevant card scheme rules.
135. Where possible, we will assist you to seek a chargeback of any unauthorised payments debited to your credit or debit card account under a recurring payment arrangement – for instance, where payments continue to be debited to your account, even though you have cancelled the recurring payment arrangement. To do so, we may need written confirmation or other evidence from you that you cancelled the payment arrangement.
136. We will make general information about the chargeback mechanism readily available to our customers in our product information and on our website. We will emphasise the need to promptly report problems to ensure a claim can be made within relevant chargeback periods.
137. Whether through our Terms and Conditions or otherwise, we will not seek to reduce the period or circumstances in which we can seek a chargeback on your behalf under the card scheme rules applying to your scheme credit or debit card.

Closing your account

138. We will provide readily accessible information about how to close your account.
139. If you ask us to close your account, we will enable you to do this quickly and easily as long as you have discharged all of your obligations under the applicable Terms and Conditions, and any mortgage or other similar arrangements relating to the account.
140. If you request a payout figure for your loan or credit facility, we will provide it to you within 7 business days.
141. If appropriate, we will give you at least 14 days' advance notice before closing your account when the Terms and Conditions of the account permit us to do so (i.e. where you have not sought to close the account yourself). We will notify you at the last valid address you have given us (e.g. street address or email address), or by other legally permissible means.

Information privacy and security

142. We will treat your personal and financial information as private and confidential. We will not disclose that information to any other organisation unless we are required or permitted by law to do so.
143. We will actively seek to promote awareness of security issues, including Internet security, to our customers, using a range of approaches.

144. We will provide information on topics including:
- a. protecting your payment methods (e.g. payment cards and cheque books) and equipment (e.g. your computer if you bank online) from unauthorised use
 - b. what to do if you believe a security breach of your account or unauthorised transaction has occurred, and
 - c. the possible consequences of not reporting security breaches on your account promptly.
145. We will avoid communications practices that are inconsistent with our messages about avoiding fraud.
146. We will provide you with options to report security breaches at any time.

If you are in financial difficulty

147. This section (paragraphs 148 to 155) applies to an individual or Small Business who is either a customer or a guarantor of a customer.
148. We will publicise the availability of assistance for customers experiencing difficulty meeting repayment obligations, or obligations under a guarantee to us (financial difficulty). We will do this on our website, in our branches, and periodically on account statements.
149. We will train our staff, and may use data analysis techniques to proactively identify indicators of customer financial difficulty so that we may contact you to discuss assistance we may be able to provide. This may include information about banking products that we offer that may be more favourable for you.
150. We encourage you to tell us at an early stage if you are experiencing financial difficulty. We recognise the wide range of circumstances that can lead to this including unemployment, ill-health, family breakdown, domestic violence, economic abuse, and natural disaster.
151. If you have a joint account with someone and are experiencing financial difficulty, we can try and assist you. This can initially be done without involving the other person (if you want this).
152. We will work with you in a constructive way if you experience financial difficulty. We encourage you to be open and as realistic as you can be about your financial position. In turn, our staff will be trained to respond compassionately. We will do this whether or not you have a right to seek a hardship variation or change under consumer credit laws.
153. If you request financial difficulty assistance, we will:
- a. genuinely consider your request, taking account of your situation. However, we will only be able to do this if you provide us with the financial information and documents we may reasonably need to assess your situation for ourselves
 - b. encourage you to keep making whatever payments you can while we are considering your request
 - c. not require you to access your superannuation to meet your loan obligations (unless you are borrowing for a self-managed superannuation fund)

- d. consider longer term (as well as short-term) financial issues when they are relevant. If you are experiencing longer term difficulties, we will try to develop an appropriate solution with you to allow you to meet your obligations. If you are an individual suffering exceptional circumstances outside your control, we may on compassionate grounds reduce or waive unsecured debt subject to our commercial considerations.
 - e. not list your default on your credit reference file while we are considering your request, unless legally required to do so
 - f. not sell your debt while we are still considering your request, and
 - g. respond promptly to your request.
154. If we reach agreement about assistance to help you with your financial difficulty, we will:
- a. provide confirmation in writing of what we have agreed, including what your obligations will be when our period of assistance ends
 - b. explain the consequences for our reporting to a credit reporting body, and what this means for your credit history
 - c. explain to you any other adverse impacts on your banking services (such as cancellation of your credit card)
 - d. not charge you late payment or default fees, or default interest while you are meeting any conditions of that assistance (unless you are a Small Business customer)
 - e. not sell your debt while you are meeting any conditions of that assistance
 - f. tell you if we are aware that you are likely to be able to claim on a consumer credit insurance policy that we sold to you
 - g. tell you if we offer banking products with terms that may be more favourable for you, and provide you with information about your options to transfer to these
 - h. make reasonable efforts to contact you if you breach any conditions of assistance agreed with you, and not re-activate enforcement action until we have given you at least 14 days' notice.
155. Where we are not able to assist with your financial difficulty, we will:
- a. suggest other options or avenues that may be available to you
 - b. advise you promptly in writing giving reasons
 - c. tell you that you may make a complaint to AFCA if you are unhappy with our decision, and
 - d. offer to provide you with contact details for a free and independent financial counselling or similar service, if appropriate.

Working with your representative

156. You may choose to be represented or assisted by another person whom you authorise to act on your behalf in negotiations with us. For instance, you may be represented by a financial counsellor, community worker, solicitor, family member, or carer. We respect your right to be represented, and will work with your duly authorised representative if you have one. However, we may contact you directly if we reasonably believe that your representative is not acting in your best interests, or for some other reason direct contact with you is needed. If so, we will suggest other free representation alternatives that may be available to you.

157. Where our staff identify that you would benefit from advice or assistance from a financial counsellor or community worker, they will offer you contact details and may contact you directly for this purpose (even if you have a representative). Where appropriate, they will also warn you against using a debt management firm.

Debt collection and legal action

158. We and our agents will comply with Debt collection guideline: for collectors and creditors (October 2005) of the Australian Competition and Consumer Commission and the Australian Securities and Investments Commission as amended from time to time (the Debt Collection Guidelines).
159. If you fall behind with your payments, we will contact you and seek to negotiate a mutually acceptable repayment arrangement with you, having regard to your financial circumstances as a whole, as well as your obligations to us. If you cooperate with us and commit to dealing with the debt, we will work with you (or your representative if you have one). Where relevant, we will draw your attention to our procedures covering customers in financial difficulty (see paragraphs 147 to 155).
160. We will send a written default notice to the last address you have given us (unless we reasonably believe that this is no longer your correct address), and will give you an opportunity to pay any amount outstanding on an account with us before we commence legal action against you.
161. A default notice will specify the date after which we are lawfully entitled to commence legal proceedings to recover the debt. The notice (or an accompanying letter), will invite you to contact us to discuss your options.
162. If we exercise our right to combine your accounts, we will inform you promptly after doing so.
163. We will comply with any applicable requirements of the Code of Operation: Recovery of Debts from Department of Human Services Income Support Payments and Veterans' Affairs Payments, and any successor Code (both when enforcing indebtedness owed to us and, to the extent the law permits – when facilitating enforcement by a third party judgment creditor).
164. We will not seek recovery of, nor will we sell, statute-barred debts.
165. We will only sell debts to businesses that:
- a. have agreed to comply with both the Debt Collection Guidelines and the Code of Operation: Recovery of Debts from Department of Human Services Income Support Payments and Veterans' Affairs Payments, or any successor Code, and
 - b. are a member of AFCA.
166. We will not sell your debt if we are aware that your debt arose from domestic violence or elder abuse.

167. If we sell your debt, we will write to you and let you know that we have done this, and who your debt is now owed to.
168. We will ask a purchaser of your debt to consult with us before instituting bankruptcy proceedings in relation to you.

Prompt, fair resolution of complaints

169. We provide information on how we deal with complaints in our product information, through our branches, our telephone banking services, and on our website and digital platforms (if we have these). We will give you a copy of this information if you ask us. This information includes your right to take your complaint to AFCA if you are unhappy with how we have dealt with and rectified your complaint.
170. We will not charge you a fee for making a complaint.
171. We will not require you to put your complaints in writing (however, some written information may subsequently be needed to progress your complaint).
172. We will ensure that we handle your complaint fairly.
173. We will try to resolve your complaint as soon as possible - "on the spot" if we can. If this is not possible, within 3 business days we will give you the name and contact details of a person to whom you can escalate your complaint. As far as possible, this person will be someone other than the person to whom your complaint relates (however, if we are a small organisation, this may not be possible). We will also give you information about our internal complaints handling process.
174. We will do our best to ensure that our investigation is completed, and a decision on your complaint is communicated to you within 21 days of receiving your complaint. We will inform you if we need more time than that, and provide regular progress updates.
175. Before we enter into a farm debt mediation with you, we will inform you that you may instead have a right to make a complaint to AFCA.

Training our staff

176. We will make sure our staff and agents or representatives are well trained so that they can competently do their work.
177. Our staff training will include Code requirements, so that our employees comply with these in their dealings with you.

Publicising the Code

178. We will publicise this Code and promote our adoption of it – including in our branches. We will give or post you a copy on request. We will publish the Code (or a link to it) on our website.

Part C – How the Code is administered

Administration of the Code by an independent Committee

179. The Code is administered by the Code Compliance Committee, an independent committee established and funded by COBA. The Committee is comprised of three members – an industry representative, a consumer representative and an independent Chair. The Code Compliance Committee Charter sets out the processes for appointing Committee members, and how the Committee operates and performs its functions. This Charter is published on the Committee's website.

Role of Code Compliance Committee

180. The role of the Code Compliance Committee is to:
- a. monitor and oversee compliance with the Code
 - b. encourage continuous improvement by Code Subscribers in meeting Code obligations, including by publishing good practice guidance
 - c. investigate possible breaches of the Code by a Code Subscriber – including by requesting the Code Subscriber to provide relevant documents and other information (this is subject to paragraph 182)
 - d. exercise its sanctions and directions powers where the Committee determines that this is fair and appropriate in the circumstances, and
 - e. provide reports to regulators and to the public about compliance with the Code by Code Subscribers, and how the Committee has exercised its sanctions and other powers – including an Annual Report on Code Subscribers' compliance with the Code, and the Committee's compliance activities.

Note: A person seeking redress (for example, compensation), for a breach of the Code should apply to AFCA. The Code Compliance Committee cannot assist with redress.

181. For the purposes of monitoring and overseeing Code compliance and encouraging good practice, the Code Compliance Committee will:
- a. take into account information about Code Subscribers' compliance with the Code available through AFCA
 - b. undertake an annual environmental scan to assess Code Subscriber compliance risk areas, and to set the Committee's priorities and work plan
 - c. require Code Subscribers to provide periodic compliance reports to the Code Compliance Committee
 - d. undertake own motion investigation(s) to assess compliance with one or more areas of Code compliance, and identify good practices
 - e. issue public reports about the extent of compliance with the Code and good practice compliance measures, and
 - f. provide feedback to COBA about industry trends and the adequacy of Code provisions.

182. When deciding whether to investigate an allegation of breach of the Code, the Code Compliance Committee will consider the likely depth and breadth of customer harm. The following information may be relevant for the Committee when deciding this:
- a. information obtained by the Committee from the Code Subscriber, for example, in compliance reports
 - b. information obtained by the Committee, for example, from own motion enquiries, mystery shopping exercises, or website or other document reviews
 - c. a breach allegation made by a member of the public to the Committee (anyone can report alleged breaches to the Committee at any time), or
 - d. information provided by anyone else including another Code Subscriber, a consumer representative, AFCA, or a regulator.

Sanctions and Directions Powers

183. If the Code Compliance Committee finds that a Code Subscriber has breached the Code, the Committee has the following sanctions and directions powers:
- a. issue the Code Subscriber with a formal warning
 - b. require a Code Subscriber to undertake a rectification and / or remediation program, such as corrective advertising
 - c. require the Code Subscriber to undertake a compliance review (either an internal review or, if the Code Subscriber so chooses, a review by an external adviser acceptable to the Committee), and provide the Committee with the findings and recommendations of the reviewer, the Code Subscriber's rectification plan in response to the review, and updates about implementation of that plan
 - d. require the Code Subscriber to undertake a staff training program, for example, to improve good practice compliance with particular Code obligations
 - e. publicly name a Code Subscriber, and provide details of its breach of the Code
 - f. advise COBA of a Code Subscriber's non-compliant status
 - g. advise ASIC or other applicable regulator of a Code Subscriber's serious or systemic breaches of the Code.
184. In addition or instead, the Code Compliance Committee may make recommendations to a Code Subscriber, or to Code Subscribers generally, for improvements to Code compliance arrangements.

Our compliance responsibilities as Code Subscribers

185. We will cooperate fully with the Code Compliance Committee in the discharge of its responsibilities. We will provide requested compliance reports, documents and other information within the reasonable timeframe specified by the Committee. Where the law or our duty of confidentiality prevents us from disclosing information without first obtaining the consent of a third party, we will take reasonable steps to obtain that consent.
186. We will comply in a reasonable timeframe with any directions or sanctions imposed by the Committee.

187. We will consider and take reasonable action where the Code Compliance Committee makes recommendations to us in accordance with paragraph 184.
188. We acknowledge that a failure to meet our obligations under paragraphs 185 and 186 constitutes a serious breach of the Code, reportable by the Code Compliance Committee to ASIC.
189. We release and indemnify the Code Compliance Committee (to the extent that its assets are inadequate), against all losses, damages, costs, actions, claims, demands and liabilities incurred or suffered by the Committee arising out of the Committee's performance of its functions and activities in accordance with this Code. This does not apply to any wilful or reckless acts, omissions, or gross negligence of the Committee.

Role of COBA

190. COBA must maintain the register of Code Subscribers.
191. COBA must ensure that the Code Compliance Committee is adequately resourced to carry out its functions.
192. COBA may amend the Code from time to time. Before doing so, COBA will consult with Code Subscribers and other stakeholders.
193. COBA will publicise the Code and list of Code Subscribers through its website.

Reviewing the Code

194. In consultation with the Code Compliance Committee, COBA will arrange for the Code and the Code Compliance Committee's Charter and operations to be independently reviewed at intervals of no more than 5 years. The independent reviewer must consult with a broad range of stakeholders.

Appendix – Definitions

For the purposes of this Code, the words and phrases set out in this Appendix are understood as follows.

"AFCA" – the Australian Financial Complaints Authority, an independent complaints handling authority overseen by ASIC (i.e. that is able to review our handling of your complaints, subject to its Rules).

"ASIC" – the Australian Securities and Investments Commission.

"The Code", "This Code" etc. – Refers to the Customer Owned Banking Code of Practice, unless otherwise qualified.

"COBA" – Refers to the Customer Owned Banking Association.

"Code Compliance Committee" or "Committee" – Refers to the Code Compliance Committee established by COBA, pursuant to the Code Compliance Committee Charter.

"Code Subscriber" – Refers to a COBA member who has agreed to adopt this Code.

"Commonwealth concession card" – Refers to an Australian Government issued card that entitles the holder to cheaper health services and medicines such as a Commonwealth Seniors Health Card, Health Care Card, Low Income Health Care Card, or Pensioner Concession Card.

"Complaint" – Any expression of dissatisfaction made to us relating to our products, services, staff or handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.

"Continuing credit Small Business loan" – means a Small Business loan where the principal owing is not due to be fully repaid at the end of the scheduled term by regular periodic repayments.

"Customer" – means a member or a customer of a Code Subscriber.

"Dispute" – A complaint that we have not been able to resolve to your satisfaction.

"Sell" – A reference to us selling debts does not include a securitisation arrangement where we remain the lender of record for those debts.

"Small Business" – A business or group having fewer than 100 full-time (or equivalent) employees.

"Small Business loan" – A loan to a Small Business with total debt to all credit providers (including any undrawn credit under an existing loan plus the loan applied for) of less than \$5 million.

"We", "us" and "our" – Refers to your customer owned banking institution being a subscriber to the Customer Owned Banking Code of Practice. Where the Code refers to information that you tell "us" or information that "we" are aware of, "us" or "we" refers to the particular staff of your customer owned banking institution who are assisting you at the relevant time.

"You", "Your" – Refers to an individual or Small Business who is our customer and, where relevant, a prospective customer or guarantor, or prospective guarantor of a customer who is an individual or Small Business.