

Easy to navigate

The Code now has ten clear sections:

1. How the Code works
2. Your banking relationship
3. Opening an account and using our banking services
4. Inclusive and accessible banking
5. When you apply for a loan
6. Lending to small business
7. Guaranteeing a loan
8. Managing your account
9. When things go wrong
10. Resolving your complaint

Changes in banking

The new Banking Code of Practice is part of a much bigger reform agenda to improve banking services for Australian customers and small business.

These other reforms include:

- No longer paying product sales commissions to retail bank staff
- Appointing Customer Advocates in banks to improve situations for customers when things go wrong
- Better protection and support for whistleblowers, and
- Better conduct and oversight of mortgage brokers.



The New Banking Code of Practice

Commences 1 July 2019

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Association

What is the new Banking Code?

The new Banking Code is a set of standards that **customers**, **small businesses**, and their **guarantors** can expect from their banks.



The Banking Code forms an important part of the broader financial services consumer protection framework, by setting higher standards and demonstrating leadership across the financial services industry. The provisions in the Code are legally enforceable.

It was first introduced in 1993 and has undergone multiple reviews and improvements to ensure it remains relevant, responds to emerging issues and changing customer needs.

This update to the Banking Code is the result of detailed consideration of the final report of the independent Review conducted by Mr Phil Khoury in 2016. The industry will implement 96 of the 99 recommendations put forward by Mr Khoury in his report, as well as recommendations from other reviews and sources.

The Code has been rewritten – and this has been the first ‘root and branch’ review of the Code since its creation.

It is the culmination of hundreds of hours of development and more than 50 meetings with:

- banks
- consumer groups
- small business and farming representatives
- regulators
- ombudsmen
- government representatives, and
- other stakeholders.

The Banking Code is the first industry code to be approved by ASIC.

The new Australian Financial Complaints Authority will also adopt this framework as its guide for best practice.

ASIC Media Release

Tuesday 31 July 2018

18-223MR ASIC approves the Banking Code of Practice

ASIC has approved the Australian Banking Association's (ABA's) new Banking Code of Practice (the Code). ASIC's approval of the Code follows extensive engagement with the ABA, following a comprehensive independent review and extensive stakeholder consultation. The ABA made additional significant changes to the Code in order to satisfy ASIC that it met our criteria for approval.

Customers

- A plain-English, customer-friendly Code which is easy to understand and helps customers understand their rights and obligations.
- Customers can be given lists of direct debits and recurring payments, making it easier to switch banks.
- Banks will remind customers when a credit card introductory offer is about to end.
- There will be a delay in offering consumer add-on insurance for credit cards and personal loans.
- Banks will take extra care with vulnerable customers and actively raise awareness of their affordable banking products.
- Guarantors will be notified of changes to the borrower's circumstances, including if they are experiencing financial difficulty.



Small Business

- Simplified loan contracts with fewer conditions for loans under \$3 million.
- Provide longer notice periods for when loan conditions change.
- Improved communication and greater transparency when using valuers and insolvency practitioners.



Stronger Enforcement and Compliance

- The independent Banking Code Compliance Committee (BOCC) will investigate alleged breaches of the Code, and will now include specific small business and agribusiness expertise.
- The BOCC can formally warn a bank, publicly name a bank for breaches, require them to rectify or take corrective action for serious breaches, order them to undertake a compliance review, require a bank to train staff, and they can report serious, systemic and ongoing issues to ASIC.