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## A message from the EM:

Welcome to the inaugural edition of the Code Compliance Committee ('CCC') bulletin. We envisage producing this bulletin on a regular basis to provide you with updates on the operations of the CCC. The idea of these communications is to let you know about our current activities; the trends and issues which we are seeing in the industry's approach to complying with the Mutual Banking Code of Practice ('the Code') and what developments there have been through identifying good industry practice.

The CCC was established in July 2009 to ensure that credit unions and mutual building societies ('Mutuals') which have adopted the Code meet the standards of good industry practice set out in it.

We are responsible for monitoring compliance with the Code.

Our role is to provide independent monitoring, investigation and review of:

- Compliance with the Code;
- Complaints relating to breaches of the Code; and
- Any other aspects of the Code that are referred to us.

## Monitoring

The responsibility to monitor compliance is underpinned by an annual compliance statement which must be provided by each Mutual and is individually verified by the CCC. This process provides us and the industry with information about common issues faced and areas of practice which might be improved. Further details are provided later in this bulletin.

## Investigating

The CCC receives and investigates allegations of breaches of the Code. It can also initiate investigations itself. The purpose of these is to support compliance with the Code. This function allows us to address specific instances of poor performance. Investigations of breaches provide insights for Mutuals into emerging consumer concerns and industry challenges.

The findings of a Code investigation are directed at the remediation of any breaches to prevent further loss or concern of consumers. The aim is to find where the breakdown in process or approach occurred and assist the Mutual to rectify it.

**Role of the CCC:**

- Monitor
- Investigate
- Review
- Compliance with the Code
- Complaints relating to breaches of the Code
- Other referrals regarding the Code

with the objective to maintain and improve good industry standards and practices.

This is different to external dispute resolution ('EDR'), which attempts to resolve an individual dispute between a Mutual and its member, possibly with payment of compensation. While EDR schemes have a responsibility to identify systemic problems and apply the relevant industry codes in their assessments, they are geared towards supporting industry frameworks on code compliance.

## Reviewing

The CCC also conducts themed reviews across the whole industry or a section of it in an effort to examine and test the practices and services covered by the Code that individual and small business customers might be experiencing.

We can use a range of investigative and monitoring techniques when conducting these reviews, including mystery or shadow shopping, focus groups, surveys, and public forums.

I am looking forward to building a strong relationship with the Mutuals so that we can continue to maintain and improve the standards of industry practice set out in the Code and be responsive to changing consumer expectations.

Please feel free to contact me if you have any queries or comments in regards to the operations of the CCC at [dpaul@fos.org.au](mailto:dpaul@fos.org.au).

Damian Paull, Executive Manager

## Introduction to the CCC:

The CCC comprises an independent, three-person Committee, established in accordance with the Code, whose membership is currently composed of the following:.

- Jeff Whalan AO (independent chairperson)
  - Former CEO of Centrelink and Medicare Australia
  - Appointed by the Mutual Banking Code Compliance Committee Association ('MBCCCA') in consultation with the Australian Securities and Investment Commission ('ASIC')
- Patricia Langham (industry representative)
  - Operations Manager of the Rooty Hill branch of NSW Teachers Credit Union
  - Appointed by the MBCCCA
- Gail Pearson (consumer representative)
  - Professor at Faculty of Economics and Business of Sydney University
  - Appointed by the MBCCCA on the nomination of the Consumer Federation of Australia

The Committee meets regularly and its next meeting is scheduled for 10<sup>th</sup> May 2010.

It has appointed a Compliance Manager to carry out its everyday functions with a dedicated team responsible for dealing with Code compliance for Mutuals who subscribe to the Code. This team is headed by the Executive Manager, Damian Paull, and includes a Compliance Manager (Daniela Kirchlinde) and a case officer (to be appointed in due course).

To contact the team, please call 1300 780 808 or email [ccc@fos.org.au](mailto:ccc@fos.org.au).

For comments or queries, please contact the Executive Manager, Damian Paull:

[dpaul@fos.org.au](mailto:dpaul@fos.org.au)

### Committee members:

- Jeff Whalan (independent chairperson)
- Patricia Langham (industry representative)
- Gail Pearson (consumer representative)

Next CCC meeting on 10 May 2010

### Appointed Compliance Manager:

- Damian Paull (Executive Manager)
- Daniela Kirchlinde (Compliance Manager)

**Website launch before Easter:**

[www.cccmutuals.org.au](http://www.cccmutuals.org.au)

**Brochures in development:**

- CCC Information
- CCC Privacy

**Meeting Mutuals with particular emphasis on:**

- Code compliance monitoring
- IDR processes
- Hardship procedures and guidelines
- Debt collection procedures and guidelines

## Website:

We are currently developing our own website, which will be launched before Easter. Amongst other features, it will have an online facility to report a breach of the Code.

[www.cccmutuals.org.au](http://www.cccmutuals.org.au)

We shall advise you as soon as it has been finalised and would welcome your comments and suggestions.

## Brochures:

We are currently developing brochures on:

- Information about the CCC; and
- Privacy information.

These will be available in printed DL-size, as well as in a downloadable format from our website in due course. We shall advise you as soon as the designs have been finalised and welcome your comments and suggestions.

## Focus of CCC activities:

We are planning to visit a number of Mutuals over the next couple of months to learn how key elements of the Code have been implemented.

In particular, we would like to discuss the following issues:

- **Code compliance monitoring**
  - How have you documented an overview of the key features of your overall compliance framework and your commitment to compliance with the Code?
  - What are the respective roles and responsibilities of your staff in relation to Code matters?
  - How have you identified the key processes and managed Code related staff training?
  - How have you ensured that the training has been effective?
- **Internal dispute resolution ('IDR') processes**
  - How have you documented the key features of your IDR processes?
  - What are the respective roles and responsibilities of your staff in relation to IDR?
  - How have you identified key processes for IDR related staff training? Has it been effective?
  - How do you ensure that you take the necessary action to remedy compliance breaches, including action to prevent their reoccurrence?
- **Hardship procedures and guidelines**
  - How have you documented the key features of your hardship procedures and guidelines?
  - How have you trained your staff to be able to recognise and deal with financial difficulty?
- **Debt collection procedures and guidelines**
  - How have you documented the key features of your debt collection procedures and guidelines?
  - Do you have appropriate staff training in place?

## Current projects:

### Current projects:

- Relationships
- Review of websites
- Annual compliance report
- Shadow shop – cancelling direct debits

### Review of Mutuals' websites regarding the visibility and accessibility of:

- The Code
- IDR information
- EDR information

### Annual compliance report:

- Information and reporting form will be sent to you by June 2010
- Form is to be completed and returned to the CCC by 30<sup>th</sup> September 2010

The CCC met on 12<sup>th</sup> February 2010 and agreed to the following projects:

- Relationships
- Review of websites
- Annual compliance report
- Shadow shop – cancelling direct debits

### Relationships

We plan to have meetings with key industry people and organisation, such as the CEOs of Mutuals, Abacus, ASIC, the Consumer Federation of Australia ('CFA'), and the alternative external dispute resolution schemes (Financial Ombudsman Service and Credit Ombudsman Service) to impart and promote the good industry practices and standards set out in the Code. These will take place as a workshop following a CCC meeting or as part of a function organised by an industry body.

### Review of websites

We are currently undertaking a review of Code subscribers' websites. The objectives of the review are:

- To assess the visibility of and access to web-based information related to the Code;
- To assess the visibility of and access to web-based information on resolving disputes between members and their Mutual (IDR); and
- To assess the visibility of and access to information about alternative dispute resolution in the event that a dispute is not resolved or not to the satisfaction of the member (EDR).

By evaluating websites, we are hoping to develop a better understanding of the disclosure practices of Mutuals to their members, and through our interactions and research to establish a standard of good practice which meets the requirements of the Code relating to disclosure, visibility and access.

The results of this review will be published to help identify and promote good industry practice in regards to the visibility and accessibility of Code, IDR and EDR information.

Where necessary, we would meet with individual Mutuals to address any non-compliance with these Code requirements.

### Annual compliance report

We would like to remind you of your obligation under Part E, section 18, of the Code to submit an annual compliance report within three months of the end of the yearly reporting period.

The CCC has agreed that the focus of this report for the first year will be how subscribers have implemented and are monitoring the 10 Key Promises of the Code. These are the fundamental commitment a Mutual gives to its members and should form the basis of your relationship with them.

We are currently developing an appropriate reporting form, which we shall send to you to complete and return to our office by 30<sup>th</sup> September 2010.

## Contacting the CCC:

### If you have a complaint?

If you believe that a Mutual has breached the Mutual Banking Code of Practice, and they have subscribed to the Code, then you can:

1. Telephone CCC General Enquiries on 1300 780 808
2. Write to the CCC, care of:  
Executive Manager  
Code Compliance Committee  
PO Box 14240  
Melbourne VIC 8001
3. Lodge a complaint via our online complaint form at [www.cccmutuals.org.au](http://www.cccmutuals.org.au) (coming soon)

### If you have a general enquiry?

You can contact us directly using the postal address and telephone details above.

You can also email your enquiry to us at [ccc@fos.org.au](mailto:ccc@fos.org.au)

### If you want to pass on some feedback?

You can call us on 1300 780 808 between 9am and 5pm (Melbourne time) or use our email address [ccc@fos.org.au](mailto:ccc@fos.org.au)

### If you want to know more about the Mutual Banking Code of Practice?

If you would like to know more about the Code, you can see it on our website or alternatively have a look at the Abacus Australian Mutuals website at [www.abacus.org.au](http://www.abacus.org.au)

### If you have a media enquiry?

Any media inquiries regarding the Committee's work should be referred to the Executive Manager, Damian Paull, at [dpaul@fos.org.au](mailto:dpaul@fos.org.au), or by telephone on 1300 780 808.

General information about our work will soon be available via our website [www.cccmutuals.org.au](http://www.cccmutuals.org.au).