

ISSUE 5

MARCH 2011

News from the CCC



Accomplish

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A message from the Code Compliance Committee

We have revised the format of our news bulletin Accomplish following some feedback from Mutuals to improve its readability and printability.

Committee members:

- Jeff Whalan
(independent
Chair)
- Patricia Langham
(industry
representative)
- Prof. Gail Pearson
(consumer
representative)

Following our first meeting this year, the CCC has discussed and agreed on future Code compliance monitoring activities and projects.

The CCC utilised the information collected via the Annual Compliance Statement 2010 to define areas which will need further monitoring and investigating. These areas will also form part of the Annual Compliance Statement 2011 which is currently being drafted.

We are also planning to hold forums in Melbourne, Sydney and Brisbane as well as continuing to visit individual Mutuals to discuss particular concerns and explain the results of our surveys.

We have also recently completed our reviews on

- Compliance with Part B of the Code and the incorporation of the Code by reference in the Terms and Conditions for products and facilities to which the Code applies, and
- Compliance with Clause 20.1 of the Code – Stopping direct debit and recurring payment arrangements.



Proposed CCC meetings for 2011:

16 February 2011
23 May 2011
22 August 2011
24 October 2011

[Click here to contact CCC via email.](#)

For comments or queries, please [contact the Executive Manager, Damian Paull.](#)

Please note our new email address:

info@codecompliance.org.au

The reports have been distributed to all Mutuals for initial feedback prior to releasing the reports. Following the feedback the reports have now been published on our [website](#). Once published, they have also been shared with key stakeholders, including all Code subscribers, [Abacus](#) Australian Mutuals, the chair of the Mutual Banking Code Compliance Committee Association (MBCCCA) and the Australian Securities and Investments Commission ([ASIC](#)).

We are looking forward to another year of productive work with the assistance of Damian Paull and his staff, Abacus and the staff of Credit Unions and Mutual Building Societies.

Jeff Whalan, Chair

A message from the Executive Manager (EM)

Our first year of operations has been educational for all stakeholders and we have gained a better insight into the operations of the Mutual industry.

We value the feedback we have received as your input enables us to improve our services, promote good business practices as expressed in the Code and to ensure the delivery of a fair deal to retail and small business members. In this regard, we welcome your comments, ideas and feedback via info@codecompliance.org.au.

Throughout 2011, we will continue to visit some of the Mutuals to better understand some of the challenges and meet with industry during workshops and the Abacus Convention at the end of the year.

We hope that through our activities and communications over the past year that Mutuals have gained a better understanding of the CCC's work and activities.

Over the past twelve (12) months we have provided you with our [news bulletins](#) and [reports](#) of the outcome of our surveys and shadow shopping exercises, in particular:

- the '[Visibility and Access](#)' report,
- the '[Mutual Banking Code Compliance Committee Annual Report 2009/2010](#)',
- the '[Compliance with Part B of the Code](#)' report, and
- the '[Compliance with Clause 20.1 of the Code](#)' report.

In our future monitoring activities, we will be ensuring that where appropriate you have :

- acknowledged and noted our reports,
- considered to our recommendations,
- reviewed and amended your information and procedures accordingly, or
- taken steps to undertake appropriate changes in the near future.

If you have any questions or concerns please contact us by email to info@codecompliance.org.au.

Damian Paull, Executive Manager, Code Compliance



Current Projects

Current Projects:

- Verification process of the Annual Compliance Statement 2010
- Development of the Annual Compliance Statement 2011
- Unlimited Guarantees

Possible issues regarding guarantees:

- Non-compliance with the prohibition of unlimited guarantees
- Provision of key information
- 24 hour period between provision of documents and signing of guarantee
- Signing of guarantee as a separate process

Verification process of the Annual Compliance Statement 2010

We have used the data from the Annual Compliance Statement (ACS) 2010 to address potential areas of non-compliance and to identify Mutuals that require further specific feedback and guidance.

We are currently contacting these Mutuals by email or telephone or by conducting onsite visits to clarify any identified concerns. Our aim is to provide assistance and guidance on how best to comply with the requirements of the Code.

This year we are also focusing on breach monitoring and management relating to the requirements of the Code. We hope to develop guidance notes relating to breach monitoring and management to help improve consistency.

Development of the Annual Compliance Statement 2011

We are currently developing the Annual Compliance Statement (ACS) 2011 to assess Code compliance in general and the following areas in particular:

- Compliance monitoring
- Breach register
- Compliance training
- Guarantees
- [Visibility and Access Report](#)
- [Direct Debit Report](#)
- [Report regarding compliance with part B of the Code](#)

If you wish to participate in the feedback process, please send an email to info@codecompliance.org.au to obtain a draft copy of our ACS 2011 for your input and comments.

We envisage forwarding the finalised and approved ACS 2011 to all Code subscribers by mid June 2011 for completion and return to the CCC by the 30 September 2011 at the latest.

Unlimited Guarantees

The CCC is concerned there may be potential areas of non-compliance with Clause 12. of the Code – Safeguards for loan guarantors, which was identified as a possible issue in the ACS 2010.

In particular, compliance with the following sections are being reviewed:

Clause 12.3 – which prohibits unlimited guarantees

Clause 12.6 – regarding the provision of key information to a guarantor relating to the borrower, including defaults, credit history and/or contract performance



Clause 12.9 – the application of the 24 hour period between the provision of guarantee documents and signing them, and

Clause 12.11– signing of guarantee documents by the guarantor as a separate process and without the borrower present.

This review will be included as part of the ACS 2011 and we have informed Abacus of our concerns. Pending on the results based on the ACS 2011, we will also conduct a separate review of this area.

Any potential breaches which have been identified are being followed up with the relevant Mutual(s).

Future Projects

The activities of the CCC are categorised as monitoring, investigating and influencing. In that context, the Committee will:

Future Projects:

- Code training
- Compliance breach monitoring
- Follow up desktop review: Visibility and Access of Code, IDR and EDR information on Mutuals' websites
- Follow up desktop review: Terms and Conditions (Part B General Commitment)
- Consult with industry regarding emerging issues identified via the ACS 2011 process

Monitoring

- continue to consult with the industry, with particular emphasis on our review of the 2010 ACS;
- develop the 2011 ACS and obtain feedback from Mutuals in relation to its content and format;
- focus on breach management and assessment of breach registers; and
- address individual concerns with Mutuals as and when they arise through the ACS process.

Investigating

- continue to review information received regarding potential Code breaches and/or systemic issues;
- review the extent to which Mutuals have incorporated our recommendations regarding visibility and access of Code, IDR and EDR information on their websites; and
- review the extent to which Mutuals have considered our recommendations regarding incorporating the Code in the written terms and conditions of those products and facilities to which the Code applies (as required under part B of the Code).

Influencing

- publish our bulletin Accomplish and post regular updates and results of our investigations on our website;
- publish our Annual Report;
- maintain and develop our engagement with key stakeholders;
- consult with industry regarding areas arising in the ACS which may need improvement;
- consult with industry regarding best practice guidelines and implementation of written policies and procedures; and
- continue our information sharing visits to Mutuals.



Contacting the CCC

If you have a complaint

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

Telephone CCC General Enquiries on 1300 780 808 between 9am and 5pm (Melbourne time)

Write to the CCC, care of: Executive Manager
Code Compliance Committee
PO Box 14240
Melbourne VIC 8001

Lodge a complaint using our online complaint form at www.cccmutuals.org.au

If you have a general enquiry

You can write to us or call us using the postal address or telephone number above. You can also email your enquiry to info@codecompliance.org.au.

If you want to pass on some feedback

You can call us using the number above or email us at info@codecompliance.org.au.

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

To know more about the Code or obtain a copy please look at either our website (www.cccmutuals.org.au) or the Abacus Australian Mutuals website (www.abacus.org.au).

If you have a media enquiry

All media inquiries regarding the Committee's work should be referred to the Executive Manager, Damian Paull at dpaul@codecompliance.org.au or by calling 1300 780 808.

General information about our work is available on our website www.cccmutuals.org.au.