



**ASIC**  
Australian Securities &  
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House of Representatives' Standing Committee  
on Economics  
Parliament House  
Canberra ACT 2600

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7 July 2020

Dear Committee Secretariat,

**Opening Statement to House of Representatives' Standing Committee on Economics on 3 June 2020 – Members Equity Bank Limited redraw issue**

I refer to the opening statement tabled to the Committee by Commissioner Sean Hughes on behalf of ASIC on 3 June 2020 (**Opening Statement**).

Following the tabling of the Opening Statement, ASIC received correspondence from Ultradata Australia Pty Ltd, the owner of Ultracs (**Ultradata**). Ultradata is concerned that the following paragraph in the Opening Statement conveyed the impression that the redraw issue arose because of a problem with the Ultracs system rather than the way it was configured at ME Bank:

*"The redraw issue apparently arose from an error in ME Bank's legacy core bank platform (Ultracs) with the amortisation of amounts available for redraw on the facilities.*

*As a result of the error, in some circumstances, some limited cohorts of customers have accessed redraw funds taking their loan balance above the amortisation curve. These customers will subsequently experience either an unexpected uplift in repayments amounts later in the loan term, or a balloon repayment at the end of term."*

ASIC does not consider the Opening Statement is incorrect, however, for the avoidance of doubt ASIC wishes to clarify for the Committee that ASIC was advised by ME Bank that the redraw issue arose because of an error in the way ME Bank's IT system was configured to calculate the amount available for redraw on home loans. The purpose of ME Bank's communication to ASIC was to report on its actions in response to the redraw issue, and ASIC was not

provided with any additional information about how or why the configuration error arose.

Yours sincerely

**Chris Savundra**  
**General Counsel**  
**Australian Securities and Investments Commission**