



15 January 2024

Banking Code Consultation Team
Regulation & Supervision
Australian Securities and Investments Commission

Email: BankingCode@asic.gov.au

Westpac Place
Level 19, 275 Kent Street
Sydney NSW 2000
westpac.com.au

Dear [REDACTED]

Proposed changes to the Banking Code of Practice

Westpac Group (**Westpac**) welcomes the opportunity to provide feedback on the consultation paper released by the Australian Securities and Investments Commission on the proposed changes to the Australian Banking Association's (**ABA**) Banking Code of Practice (**Code**).

The Code sets out the standards of practice and service in the Australian banking industry for individual and small business customers, and their guarantors. It contains a set of contractually enforceable protections that customers can expect from subscribing banks. These protections are intended to complement and set higher standards than the law without duplicating existing protections set out in law.

Westpac supports the proposed simplified Code. The new Code implements the accepted recommendations of the Independent Triennial Review of the Banking Code of Practice¹ conducted by Mike Callaghan AM PSM in 2021 (**Triennial Review**) and moves to simplify the current Code by removing duplication with other legislative and regulatory obligations that exist.

Implementation of Triennial Review recommendations

In its response to the Triennial Review, the ABA supported in full, part or principle 84 of the 116 recommendations made. The proposed changes to the Code implement these recommendations providing enhancements that offer greater protections and support for consumers. These enhancements apply across the revised Code and include:

- An updated vulnerability definition, that expands the categories of vulnerability, and also recognises that a customer can be vulnerable at any point in time.
- Updated inclusive and accessibility protections.
- A revised small business definition that has been extended to ensure the Code protections are provided to approximately 10,000 additional small businesses.
- Uplifted guarantor provisions, which provide an additional layer of protection for guarantors to enable them to better understand the risk associated with being a guarantor.
- The extension of the diligent and prudent banker protections to unregulated lending products for individuals and guarantors.

¹ ABA response, Triennial Review of the Banking Code of Practice, December 2022, <https://www.ausbanking.org.au/wp-content/uploads/2023/02/Banking-Code-ABA-Response-to-BCOP-Review.pdf>.

Westpac acknowledges the traditional owners as the custodians of this land, recognising their connection to land, waters and community. We pay our respects to Australia's First Peoples, and to their elders, past and present.



Simplification of the Code

The legislative and regulatory landscape has changed significantly since the current Code was updated in 2019 with around 1,175 pages of additional legislation and/or regulatory guidance being introduced. This has meant there was a need for the ABA to simplify the Code and minimise the potential for confusion by removing duplication while continuing to ensure consumer protections that went above the law were preserved. Where a provision has been removed from the Code, it is considered that there is an equal or higher protection that exists in law or regulation.

This simplification process has resulted in a restructured, more refined Code that supplements the law, is less complex, and improves readability for consumers. Together with the new Code, the ABA have developed a Customer Guide, a separate, customer focussed document that complements the Code by outlining other protections available under Australian law, which will enable consumers to more easily be able to work out their rights.

These proposed changes will also have the added benefit of reducing confusion in the application of the Code commitments and the law, which will result in greater clarity and understanding of Code obligations by bank staff.

Overall, the proposed changes to the Code strike the right balance between ensuring consumer protections are maintained while simplifying the Code and making it easier for consumers and bank staff to understand their rights and obligations.

Should you wish to discuss Westpac's response further, please don't hesitate to contact [REDACTED]
[REDACTED] Government Affairs and Public Policy via [REDACTED]

Yours sincerely,

[REDACTED]

Director, Government Affairs, WIB and Reputation Strategy