

20th July 2000

Mr Richard Viney
Code of Banking Practice Review
GPO Box 4612SS
MELBOURNE, VIC., 3001

codereview@bigpond.com

Dear Mr Viney

Lending Solutions is a specialist skills resource and credit risk consultancy to the financial services sector. Since its inception some five years ago, Lending Solutions has provided services to many of Australia's leading financial institutions including banks, building societies, credit unions, friendly societies, mortgage originators, insurers, trustee companies and related organisation in the provision of:

- ◆ Development of policy and procedure for financial institutions in the areas of compliance, credit risk, market risk, data risk, operating risk and financial risk
- ◆ Assistance with due diligence surveys of loan portfolios for purposes of merger or acquisition
- ◆ Training within financial institutions to ensure compliance with codes of conduct, codes and regulations impacting the areas of operations of those financial institutions; and
- ◆ Various other consultancy assignments related to the day to day strategic and operational issues facing Australian financial institutions in these challenging times.

Recently Lending Solutions has been assisting a number of financial institutions (including building societies and credit unions) with submission to their code of practice reviews.

As a result of Lending Solutions' involvement in the preparation of submissions to these code of practice review panels, it has come to our attention that a move has been instigated to have the Credit Union and Building Society Code of Practice and ADR processes merged into the Banking Code of Practice and ADR Process.

From market research and anecdotal evidence, it would appear that in the financial services area, great confusion exists in customers being able to satisfactorily identify the Dispute Resolution Process to which they must bring their complaint and therefore, it would be a most suitable outcome if the many and various Dispute Resolution Processes were consolidated to one point of contact from which a particular complaint could then be referred to the relevant Dispute Resolution Panel which would be able to determine the complaint in respect of that particular product or service.

Most importantly however, it would be my strong feeling that the merger of the Credit Union and Building Society Code of Practice and ADR Process with the Banking Code of Practice and ADR Process would not be an appropriate outcome.

The culture of banks, building societies and credit unions is so different that for building society and credit union members to have to deal with the Banking Code of Practice and ADR Process and vice versa would subject members of building societies and credit unions and customers of banks to a different cultural response in the process and would poorly and inappropriately position building societies and credit unions in particular in the financial services market place.

Such a move would also damage the market differentiation clearly apparent between banks, building societies and credit unions at this time – refer independent market research carried out by the Australian Consumer Association into customer satisfaction with financial institutions – March 2000.

I thank you for the opportunity of making this submission on behalf of Lending Solutions to the Banking Code of Practice Review and would be pleased to provide further information or assistance if required.

Thank you.

Yours sincerely

A.B. Harvey
Managing Director
Crestwood Financial Management Services Pty Ltd
Trading as Lending Solutions.