

6-7-2001

Mr. Dick Viney
Code of Banking Practice Review
PO Box 2045
Parkdale VIC 3195
Fax No: 03 9587 2889

Dear Mr. Viney,

Re: AMP Banking's submission to Review of Code of Banking Practice

We refer to the Issues Paper you released. We would like to make the following submissions on behalf of AMP Banking:

1. Access to Banking Services for people unable or reluctant to use ATMs, telephone banking or internet banking (Chp 3 – General Issues – Page 37 of Issues Paper):

The new code proposes that banks take all reasonable measures to enhance access to banking services for older people with disabilities. Reading the relevant pages in the Issues Paper (pages 37 to 39), it is our understanding that this proposal comes about because banks with branch networks have been closing branches and/or have increased the costs of customers using counter services. As AMP Bank is a direct bank operating with no branch network we believe the Code should make it clear that this new requirement will apply only to banks with a branch network who are currently providing services to their customers over counters but are attempting to migrate their customers to other types of service delivery channels. As a direct bank our customer profile is generally one that is more technologically savvy. It would therefore seem onerous that we would have to comply with a rule originally aimed at alleviating the effect of branch closures.

2. Low Cost Accounts for Banking Services (Chp 3 – General Issues – Page 40 of Issues Paper):

The new code proposes that banks provide details of their accounts which are most suitable to low income or disadvantaged persons who are prospective and existing customers. AMP Bank takes the view that by virtue of our business model as a direct bank, we would tend to appeal more to a generation of the Australian population who have access to technology. Low-income earners and disadvantaged people would generally not have such access and would therefore not find our bank attractive to use. As a result AMP Bank believes it would be onerous and unnecessarily costly to require our bank to develop and offer a basic bank account that would have little demand by our customer base. Therefore,

again we believe the Code should make it clear that this new requirement will apply only to banks with a branch network.

3. Guarantees (Chp 5 – Miscellaneous Issues – Page 95 of Issues Paper)
The new code proposes that banks be obliged to *advise* guarantors to seek financial advice. Where the bank itself provides the advice this should be done in a face-to-face interview in the absence of the principal debtor. Prior to a final determination being made on this issue, we would like regard to be taken of the fact that AMP Bank, as a direct bank, cannot provide for face-to-face interviews with prospective guarantors. Other methods of communication should therefore be allowed to enable a direct bank to provide the advice.

Yours faithfully,

Edward Kok
Senior Legal Counsel
Legal & Compliance,
AMP Bank Limited