



Thank you for the opportunity to provide input to the Banking Code Compliance Committee's (BCCC) priorities for 2022-2023.

This submission relates primarily to the issue of *timely* servicing the needs of customers and in particular SME customers. The Code makes no reference to this aside from a generic principle that banks "Will communicate with you in a timely manner".

The inability to get timely responses from their bank is a significant "pain-point" for many customers.

Timely decision making by banks can be problematic because it is also dependent on the customer providing appropriate and accurate information a bank legitimately requires to make a decision.

Customer dissatisfaction with slow responses from banks particularly in relation to loan applications is perhaps a bigger issue than the banks understand. A contributing factor here is the view held by many SMEs that complaining (to the bank or even AFCA) is not worth it because it takes further time and effort, is unlikely to assist and could even detract from the chances of achieving a timely and successful outcome.

Chapter 20 Clause 72b) requires banks to tell a SME when they apply for a loan how long before the bank is likely to make a decision on the basis that all the information requested has been provided.

The BCCC might wish to check compliance with this commitment and further correlate such advices with actual decision making times.

But “timely” is not just about making decisions. It also relates to the time it takes to get basic things done for instance establishing a bank guarantee. SMEs are usually required to establish a bank guarantee to support rent obligations and although this almost invariably requires the SME to lodge an equivalent amount of cash as security, a simple transaction of this nature can take weeks, often longer to complete.

Concerns about timeliness are more likely to be an issue for those SMEs that do not have a need for debt or for those whose debt requirements are with another lender. Such businesses can “fall through the cracks” with their needs serviced by call centres which can be under resourced and/or where staff are inexperienced in handling even routine customer needs.

In addition to timing delays in establishing guarantees, similar delays can occur at the back end when a customer is looking to unwind a guarantee arrangement.

In the same vein, registering and discharging securities on the Personal Property Securities Register can be a time-consuming exercise.

Another example is the establishment and discharge of direct debits and recurring payments.

Many SMEs are frustrated by the amount of time and effort they are required to expend to put in place what they see as standard and simple transactions. But the cost to the SME can be much more than lost time. Lack of timely service from a bank can have a significant impact on cash flow and relationships with key stakeholders.

Understandably, the Covid pandemic has impacted on the time it takes for banks to make decisions and get things done. Whilst the economy appears to be slowly re-opening, there are still many businesses severely impacted by “Shadow lockdowns”.

Whilst bank support, like that of governments, cannot go on forever, equally there remains a genuine need for banks to respond in a timely manner to the needs of their customers.

The issue of “timeliness” is vexed but it remains a significant concern for many customers and therefore merits the attention of the BCCC and the ABA.

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