COLLABORATE newsletter

DECEMBER 2015

2016: The Year of Banking Ethics

Commonwealth Bank will pay refunds to 216,000 customers for failing to honour discounts on mortgage interest rates and fees that it had promised, mistakes that meant borrowers were overcharged.

The payouts, worth about $80 million in total, are the result of problems in how the bank applied discounts under a package that offered lower home loan interest rates and fee waivers, and also included products such as credit cards and personal loans.

The bank and its' customers were relying on staff to manually apply many of the discounts, which left the door open to human error. A reporting tool designed to detect when the discounts were not properly applied was itself not working properly. CBA actually brought the discrepancy itself to ASIC's attention and was working with them to review processes and rectify the problem.

CBA started contacting affected customers in October and expects to get in touch with the bulk of those affected by 2016.

Chief executive Ian Narev flagged the error at the bank's annual general meeting in November. He said the bank would "continue to look for these sorts of mistakes, not because the regulators asked us to do it but because it is the right thing to do." He refuted claims the bank's financial planning scandal has dented its reputation and deterred customers, saying it has had no impact on the bank's financial planning business.

At the same meeting, chairman David Turner said CBA viewed being ethical as a source of future "competitive advantage."

"We see it down the road as being an ultimate competitive advantage. We think we will be the ethical bank, the bank others look up to for honesty, transparency, decency, good management, openness. That is exactly where we are trying to go," Mr Turner said.

The error comes after CBA said in October it would refund $7.6 million to agribusiness customers who were also overcharged. Other big banks have also made similar mistakes in 2015.

National Australia Bank in July said it would repay 62,000 customers a total of $25 million after planning clients were not paid all the money they were owed.

In April, ANZ Bank said it would pay $30 million to thousands of planning clients who paid for advice but did not receive all the services they were promised.

The Money Pit

Customer Service & Your Business

Part 3: The Fortune is in the Follow Up

As we move into Christmas it's a good idea to take stock of the systems and processes within our business. Over the past few newsletters we have concentrated on Customer Service and how your existing customers can give you increased revenue in your business with much less effort than it takes to acquire a new customer.

So in 2016 what is your business going to do about following up with your existing clients? What can you offer that is an additional service to what they originally bought from you? When you and your staff return to work in January, it is a good time to review your client "follow up" system. Do you have a co-ordinated system? Is every customer experience the same for every interaction with the customer? Or is it dependant on who answers the phone or responds to an email that day and if they are in a good mood or not?

When each customer gets a different experience level you are damaging your business. What can you put in place that ensures each customer is treated the same? What touch points are there where you can connect with clients on a regular basis over time - ones that fit well with the products and services you offer? Now is the time to review, improve and change before 2016 becomes too chaotic!.

Signature message

by Dean Gavrilovic

So here we are at the end of the year. Everyone wants to know where the year went? The good news when I hear this question is that we're all busy and work keeps on coming. So the outlook for 2016 is positive and there is plenty of work in the property sector so don't believe the negativity.

At Signature we're taking a well deserved break from 24/12/15 and back on Monday 11/01/16.

I'd like to take this opportunity to thank you for so such a great 2015 and we look forward to being there again in 2016. Have a safe and happy holiday season. *Dean*

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Strata Law Shake-Up

In October the NSW Parliament approved major reforms to the state's strata title laws. The Strata Scheme Management Bill and Strata Scheme Development Bill, which has passed the Legislative Council, contains around 90 changes to the existing laws, on issues including collective sale, renovations, proxy farming, defects and parking.

These changes to strata title legislation in NSW will remove the need for all owners to agree to sell or redevelop their apartment block as a whole. This means that some owners may now have their apartments sold against their will. Only 75% of owners in a building have to agree to the sale for a block to be redeveloped.

The NSW government hopes that this change will increase the number of homes in popular parts of the city and allow older, run-down properties to be rebuilt. However, new research released shows that while this may increase the rate of redevelopment of older blocks, on their own these changes may not improve housing affordability or availability.

Minister for Innovation & Better Regulation Victor Dominello said the new laws would come into effect in July 2016. "Today more than two million people live and work in strata. The new laws will cater for the needs of 21st century strata living," Mr Dominello said. "The new laws will modernise collective decision making processes, increase protections against unresolved building defects and improve outdated regulation impacting on renovations."

Public consultation on draft regulations to accompany the new Acts, including model by-laws, will commence in early 2016. Other Australian states and territories are either considering implementing a similar strategy, or already have.

Find out more about the reforms at www.fairtrading.nsw.gov.au.

Latest News

Changing of the Guard at the Fair Work Building & Construction Watchdog

Nigel Hadgkiss, the director of the Fair Work Building and Construction watchdog, resigned only a day after one of his chief adversaries, CFMEU boss John Setka, was charged with blackmail.

Mr Hadgkiss cited ill health as the reason for cutting short his five-year appointment after little more than two years in a resignation announcement to his staff. He wrote that he had been taken to hospital by ambulance during a holiday to Port Fairy in Victoria on November 12, and that he had made his decision in the weeks thereafter.

The timing of his retirement, after the charging of Mr Setka, appears coincidental. Mr Setka was charged with one count of blackmail. The pair locked horns repeatedly in recent years.

Mr Hadgkiss wrote that he had informed federal Employment Minister Michaelia Cash of his retirement. He will leave his post 8 January 2016.

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Thought of the month ...

"The way to get started is to quit talking and begin doing"
– Walt Disney

- Jean Houston

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