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Dear Sir

Submission on APCA Payments Industry Consultation Paper Aspects of Account Switching

We refer to the APCA Consultation Paper released in September 2007 on account switching and welcome this opportunity to provide comment by addressing the questions raised therein as set out below:

Q1 - To what extent do direct credit and debit arrangements provide an impediment to switching in Australia?

It is BankWest's view that the current direct credit and debit arrangements provide a significant disincentive to customers wishing to switch bank accounts in Australia.

Newspoll research conducted by BankWest earlier this year shows that 28 per cent of Australians are open to switching banks for a better deal. 60 per cent of respondents said a simplified switching process would make them more likely to switch banks.

Additionally, our experiences and discussions with customers support the ability for customers to authorise their existing financial institution to re-direct direct debit and credit transactions to their new financial institution. The current function can be time consuming and costly for customers which impacts on the speed of their switching to another bank.

Accordingly, BankWest contends that the existing difficulties in switching banks make the market uncompetitive and there is no incentive for banks to help customers move. BankWest strongly supports the initiative on account switching because we hope that these discussions will lead to changes which will promote competition and consumer choice and make it easier for customers who are looking for a better deal to switch banks.

We have not specifically addressed Q2 which is addressed more generally elsewhere throughout this submission.

Q3 - Do financial institutions already offer adequate support for new customers to transfer or re-establish direct credit and debit arrangements from their old financial institution?

BankWest already offers account switching support to new customers wishing to switch from their old financial institution.

This consists of free online information about using the BankWest switching tool and standard letters and faxes that can be printed and sent by the customer to the relevant people and companies. Alternatively we can link the customer to those companies so that they can change their details on line. The system also generates a summary checklist which can be used by the customer to follow up the letters and faxes that have been sent.

In addition to the on-line facility, telephone support numbers are also provided to assist customers with any further queries relating to the service.

In relation to cash management trusts ('CMTs') BWA Managed Investments (100% subsidiary of BankWest) offers a 'migration service' to third party distributors whereby we assist with transferring their client's existing CMTs to the BWA Cash Management Trust. This may include the redirection of dividends paid by share registries to the new CMT account.

For our business banking customers, BankWest has a team whose sole purpose is to assist customers migrate their transactional banking capabilities from other banks to BankWest.

Q4 - Would a listing service assist in facilitating account switching?

BankWest supports the introduction of a model requiring the old financial institution to provide a listing of regular direct credit and debit transactions occurring on a customer's account using the financial institution's transaction history database.

Such a listing service would be a practical measure that could be implemented in the interim whilst longer term arrangements, such as a redirection or central registry service, are considered.

We would suggest that the introduction of any such service be regulated (for example by a Code of Practice) so that both banks and their customers have a clear understanding of how the listing service works, for example that the provision of data be in a standard format and within a prescribed timeline.

Q5 - Would a redirection service assist in account switching?

BankWest would support a redirection service as described in the APCA paper whereby the customer's old financial institution would advise a DE User's financial institution of re-direction details when an account is closed. However we do understand that due to the potential cost and risk entailed this may be considered as a longer term solution.

Q6 - Would a central registry service assist in account switching?

BankWest would be interested in the introduction of a central registry service similar to models adopted overseas, for example the Interbank Switch Support Service (ISSS) in Holland which ensures that customer continuity is maintained through automatically re-routing of direct debits and information to corporate clients to update their records.

As with the possible introduction of a central registry service, we acknowledge that this may be a longer term solution due to the potential costs involved and necessary time to implement and would welcome a full cost/benefit viability study.

Q7 - Do you think that there are other steps that could be taken to make it easier to transfer or re-establish direct credit and debit arrangements for financial institution customers?

Whilst we believe that longer term change, such as a redirection service, is ultimately desirable BankWest strongly believes that interim measures can be put in place whilst these are being considered.

To this end, BankWest supports the implementation of a Code of Practice making it easier for customers to switch bank accounts and we are keen to work with the relevant authorities with a view to establishing such a Code.

Conclusion

We wish to thank APCA for providing industry with this opportunity to explore the options for facilitating switching.

We are of the strong opinion that all efforts should be made to encourage a vibrant and competitive banking environment in the Australian market and this includes making it easier for customers to change their bank accounts so they can all take advantage of a better deal.

Please contact Lisa O'Connor on (02) 8299 8132 should you have any queries or wish to discuss any aspect of this submission.

Yours sincerely

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Ian Corfield
Chief Executive – BankWest Retail