

Jackson Smith solicitors

New Contract Terms in the Banker/Customer Arrangement.

As at 6 November 2003 the following banks

Adelaide Bank Limited
Australia and New Zealand Banking Group Limited
Bank of Queensland Limited
BankSA (A division of St George Bank Limited)
Commonwealth Bank of Australia
National Australia Bank Limited
St George Bank Limited
ING Bank (Australia) Limited

had adopted the new Code of Banking Practise that was launched by the Australian Bankers Association on 12 August 2002.

The new Code is extended to individuals and small businesses. A small business is a business employing less than 100 full time people if the business is or includes the manufacture of goods or in any other case less than 20 full time people.

The most important feature of the new Code is that the provisions of the Code become contractual terms between the banker and the customer.

A key general commitment by the banks entering into the Code is that they will act fairly and reasonably in a consistent and ethical manner. Bank customers should remember that this is now a contractual obligation taken on by a bank who has adopted the Code.

Another key provision is in respect of guarantees. No longer will unlimited guarantees be permitted. A guarantee must be for a specific amount or to the value of a specified security.

I hope that this information is of some interest and benefit to you, and to your clients.

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