



# Westpac Lending Procedures

Finsec Member Responses  
and Recommendations – May  
2009



# Identification of Issue and Finsec Process

- From early to mid-April, many reports from organisers, calls and e-mails from staff and managers raising concerns about the new procedures.
- Finsec seeks feedback from sites from mid-April.
- 51 sites respond with comments, geographically spread. This represents a very high response rate for a non-followed up request for information.



# Summary of Issues

- Inconsistent rules and application of rules
- Lack of training and support
- Process is threatening and unfair
- Lending process is slowed down
- Staff are pulled up on petty grounds

# Inconsistent rules and application of rules

- “we are advised of a policy change which is worded differently on Information Station without being aware of it”
- “one of the checkers who commented: ‘the lenders need to use info station...I because, as we all know, there are sometimes errors in comms...’”
- “pulled up over things not registered in credit policy”
- “why are some managers so heavy handed and others are not?”
- “when a revised checklist comes out we have to use this for loans previously approved under old checklist rules”



# Inconsistent rules and application of rules: Recommendations

- Steps be taken to ensure the accuracy and consistency of information issued by Westpac.
- Westpac to confirm that staff lending files will not be marked as incorrect when the procedure in question can be shown to have come through an official Westpac channel.
- Confirmation to be provided that all issues identified by checkers were in fact officially advised to staff.
- Lending approval given under a valid checklist at the start of the lending process, to be valid through till settlement.



# Lack of Training and Support

- A member who “has only been a lender for about a year” and was given a final written warning “has had no formal training apart from a 2 day systems course when NZLO was introduced”.
- “New people are thrown with little or no training... Some of our new consultants have made errors because they simply don’t know what they are doing”
- “The bank has come down hard on people instead of putting training in place. We all need a refresher course on the basics of lending”
- “there is no one who we can call if we are unsure of anything as when we phone our credit centre they are all too busy to answer the phone... the bank needs to provide a help desk where staff can phone if they are unsure about a lending deal”



# Lack of Training and Support: Recommendations

- An audit of lender training needs to take place, including a process for staff to self identify gaps in their knowledge.
- The adequacy of training for new lenders to be reviewed and reported on within a short time-frame.
- Prompt and specific steps to be taken to provide training where gaps are identified.
- A dedicated lenders help desk to be established.

# Process is threatening and unfair

- “Lenders are living under threat”
- “The situation is worse than any I have worked with”
- “I attended a course recently – 12 consultants from around the region, not one happy one in the room”
- “... almost at breaking point... I used to enjoy my work, and would love to be able to get back to that”
- “We are happy for any learning experience to come from this, but not to be made to feel that we have done something criminal”
- “Acknowledge that our standards need improving but doing it in such a bullying and heavy handed way only makes matters worse and staff confidence has plummeted where we are now afraid to lend!”
- “The major concern I have is that once files have been completed and checked by mgr – then forwarded to final checker we have been instructed that there is to be no correspondence or room for comment if feel incorrect checking”
- “... we are sending details to credit as it is safer than approving ourselves”




# Process is threatening and unfair: Recommendations

- Staff to be allowed the natural justice right to query files that are marked incorrect, and to have their views taken into account.
- All managers and area managers to be instructed to address identified issues in a positive and constructive way, and to identify learning needs through the process.
- Where a formal process is commenced, Westpac to abide by the provisions of S.39 of the CEA, particularly in regard to providing training, encouragement, and mentor support, and advising Finsec formally.
- Westpac to consider establishing a quality improvement group that involves staff, managers, and Finsec to investigate methods for positively improving the quality of lending.

# Lending process is slowed down

- “All the changes and increased checking have meant that the loan process has slowed down dramatically and customers take ages to get their money”
- “Each decline/deferral means we have to wait for another 4 days to get an answer”
- “Any files done under old rules have to be updated and extra data obtained...”



# Lending process is slowed down: Recommendations

- Westpac to investigate and report back on ways of speeding up the turnaround of files that are being checked.
- Files to be able to proceed through the process, based on the lending rules in place at the outset of the process.

# Staff are pulled up on petty grounds

- “two of my files failed because the “checklist” was filed on the right-hand side instead of the left hand side of the page, I had not found anywhere to state that it had to be on this side”
- “a little pedantic as manager has told me I now need to date the loan documents after my signature, which there is no indication I need to...”
- “ID acceptance is very pedantic, pulled up if spelling is incorrect, upper/lower case incorrect”
- “all ver nit-picky and totally irrelevant to the quality of lending”
- Staff are being questioned over things like ‘file not being in right order’”
- “We feel the new lending checking is a big witch hunt. The checkers are going out of their ways to pick holes in everything”



# Staff are pulled up on petty grounds: Recommendations

- Westpac to review the purpose of the checking process, and identify matters which materially impact on the quality of lending and risk exposure vs. administrative accuracy.
- The checking process to only identify material matters, with minor errors to be assessed and worked through at branch level.
- Branch managers to be advised/coached in different methods of raising issues, depending on the nature and severity of the error.



# Summary

- Staff and Finsec accept the need for lending to be of a high quality, and are open to the benefits of a checking system
- The current system has gone too far. The system is discredited in the eyes of staff, is totally punitive, and has badly damaged morale.
- It is important for Westpac to take account of the views of lenders, and to act on the recommendations contained within.