

FUTURE TRENDS IN THE BANKING INDUSTRY

Impact on Banking Practitioners

QUESTIONS AND ANSWERS

Question - Michael Newell (Carter Newell, Brisbane):

Just two quick questions — one to each of the first two speakers. To Robert Paterson, I will just mention three words — external costs consultants. And if I might have a second barrel to the shotgun to Michael Orrick — quality assurance.

Response - Robert Paterson (Speaker):

External costs consultants — I imagine what you are talking about there is the people who will assess a file or what is to be charged on it. I am not quite sure how that fits in with the bank's need. Certainly we would hope that we would not ever be sending a bill, that is submitted to us by one of the firms that we use, off to an external costs consultant to be assessed. We like to have a relationship where we have got trust in the firm that bills us. If it is in accordance with our terms and conditions and scales, we like to be able to rely on it without the need for somebody looking at it subjectively. But maybe what you are suggesting is that, what ANZ has assessed to pay should be looked at by an external costs consultant to see whether it is reasonable. In the future perhaps we would be willing to look at that.

Response - Michael Orrick (Commentator):

Quality assurance — the short answer is yes, but. I think the quality movement is very useful, but once again I am asking myself, what is the cost of doing so? The quality movement is rolling down the international standard 9001 into whatever profession you are in.

British experience with their 5750 Code was pretty lukewarm. I know everybody is quality bound in this country and headed for that, and I am quite aware that in Brisbane, for instance, Sly and Weigall were the early pioneers. My concern about quality is that it is very easy as people who deal in a technical discipline, as we all do, to focus on the systems and procedures, and not to deal with the real issues behind that. You can spend a hell of a lot of money, when you have actually obtained the code, in keeping up to the standards and auditing. Ask the manufacturing industry about preserving their standards and the cost of that. I think the real issue to me is that it provides a very useful conduit to talk to your clients about. It will not win you work alone, but it certainly provides a very useful landscape against which to comment to clients and talk about the way you are handling work whenever there are problems. But it will not solve your problems.

Comment - Robert Turner (National Australia Bank, Melbourne):

Just a couple of very brief comments and to thank the speaker and commentators on their comments. The thing that strikes me is that whether you are an internal lawyer or an external lawyer, the critical thing is to know your customer. That is both at the top of the bank and all the way down the line. Knowledge of the customer and what they are trying to achieve will enable the lawyer to provide the better service. Some fifteen years ago a partner at one of the Melbourne law firms said to me when I was working in-house in one of the banks: "Where can we meet you in relation to your practice?" And I think that is still critical today — it is something that does not often happen, but I think it is very important for the external lawyers to understand where the internal lawyers are, what they want to achieve, and how they can best achieve it.

The other issue which I think is important to both the internal and external lawyers is that they become proactive, not reactive as lawyers have been in the past. We have to understand where the issues are, and go out and sell those issues to the people that count — the line bankers and the people throughout the banking community who have to take the issues on board and deal with them each day. It is no good waiting for those issues to come in and then reacting to them. We have got to understand the issues, define the issues, and convince the people that count that those issues are important and how they can be practically dealt with.