

Financial Services Guide

A guide to our financial services



Dated: 9 February 2004

Westpac Banking Corporation ABN 33 007 457 141
Australian Financial Services Licence No. 233714

Westpac

About this Financial Services Guide

Overview

This Financial Services Guide (FSG) is issued by Westpac Banking Corporation ABN 33 007 457 141 (Westpac, we or us) to inform you of the financial services we offer. It is designed to help you as a retail customer to decide whether to use these services and to ensure that we comply with our obligations as a financial services licensee. This FSG tells you:

- About us
- About our financial services and products
- The costs, remuneration, fees, commissions and other benefits that may be paid to us, our employees and others
- What associations or relationships we have with financial product issuers
- If you have a complaint, how it will be dealt with
- How we collect and use your personal information
- How you can contact us.

If you have any questions about us or about this FSG, please contact us. Our contact details are set out on the back page of this FSG. Any changes to these details can be found on the Westpac website at www.westpac.com.au.

Other documents you may receive

In addition to this FSG, you may receive a Statement of Advice (SOA) or a Product Disclosure Statement (PDS) or both when we provide financial services or financial products to you. These documents and any other applicable disclosure document will be provided to help you make an informed decision about the relevant financial service or financial product and to comply with our obligations as a financial services licensee.

A **Statement of Advice** or **SOA** is a record of personal advice given to a customer. It sets out the basis on which the advice is given and includes information about remuneration, commissions and other benefits that may be received, and associations we have with financial product issuers, that may influence our advice. We will give a customer an SOA when we give the customer personal advice that takes into account one or more of the customer's objectives, financial situation and needs. A customer will not be given an SOA where the personal advice is about a basic deposit product, a related non-cash payment facility or travellers' cheques.

A **Product Disclosure Statement** or **PDS** contains information about a financial product, including information about any significant terms and risks, the costs of the financial product and the fees and charges that the financial product issuer may receive or charge. If required, we will give you a PDS if we offer or arrange to issue or sell a financial product to you or we give you personal advice recommending a financial product.

About Westpac

Westpac is a publicly listed company and the parent company of a group of companies (**Westpac Group**) that includes Westpac Financial Services Limited, Westpac Securities Limited, BT Funds Management Limited, BT Funds Management No. 2 Limited, BT Investment Management No. 2 Limited, BT Investment Management No. 3 Pty Limited, BT Life Limited, Westpac Life Insurance Services Limited, Westpac General Insurance Limited, BT Securities Limited, BT Portfolio Services Ltd and other related or associated entities which provide various financial, funds management, insurance, superannuation, investment and administrative services (including those described in this FSG) and financial products.

Westpac's registered office is located at:

Level 25
60 Martin Place
Sydney NSW 2000.

Westpac also trades as 'Challenge Bank' in Western Australia and 'Bank of Melbourne' in Victoria, operating from the following offices:

Challenge Bank
109 St George's Terrace
Perth WA 6000

Bank of Melbourne
360 Collins Street
Melbourne VIC 3000.

Our financial services and products

What financial services and products do we provide?

Westpac is authorised by its Australian Financial Services Licence (Licence No. 233714) to provide financial services in relation to the following kinds of financial products:

Banking – deposit products, transaction accounts, electronic banking facilities (eg automated teller machines and telephone and internet banking) and non-cash payment facilities (eg direct debits and cheque facilities)

Financial markets and international – foreign currency accounts, foreign exchange contracts, international telegraphic transfers and travellers' cheques

Insurance – general and life insurance products

Investments – securities (including shares, debentures and options), warrants, debt instruments, managed investment funds and products, government stocks and bonds and derivatives

Superannuation – employer-sponsored, individual and self-managed superannuation and retirement savings accounts.

Our Australian Financial Services Licence authorises us to provide financial product advice, deal in financial products, make a market in financial products (including debt securities, derivatives and foreign exchange), underwrite issues (securities and interests in managed investment funds) and to operate custodial or depository services (other than investor directed portfolio services).

As well as being authorised to provide financial services and financial products under our Australian Financial Services Licence, we are also authorised under our banking licence to conduct our banking business, which includes offering the following products and services:

Bank drafts and bank cheques

Business lending and services – commercial credit cards, business loans, business overdrafts, cash and associated risk management services, guarantees, leasing and asset-based finance, structured finance, project finance and merchant and trade services

Consumer lending – credit cards, home loans, residential investment loans, personal loans, margin loans and personal overdrafts

Investment lending – commercial bill finance, margin loans and protected equity loans.

Generally, this FSG does not relate to any services or products we provide that are not financial services or financial products (such as loan or credit products).

Who is responsible for the financial services you receive?

Westpac will provide, and be responsible for, the financial services provided to you and described in this FSG. We will provide these services through our representatives who are employees of Westpac or other companies within the Westpac Group, or through our authorised representatives.

Generally, in providing financial services to you, we act on our own behalf as a financial services licensee, although not all the products offered by Westpac are issued by Westpac. Many of the financial products offered by Westpac are issued by companies in the Westpac Group. The name of the product issuer will be disclosed in the relevant PDS or SOA or you can ask our staff for details. When you buy travellers' cheques through us, we may act on behalf of the issuer of the travellers' cheques.

For services relating to some insurance products, we act on behalf of the product issuer under a binder (an arrangement which allows us to enter into insurance contracts on behalf of the insurance company). For example, Westpac acts under a binder with Westpac Life Insurance Services Limited (WLIS) that allows Westpac to act as its agent. In this example, WLIS, and not Westpac, issues the insurance policy and is bound by the terms of the insurance policy.

When we sell general insurance products, we do so as the agent of the product issuer pursuant to agency arrangements.

When we act as the agent of WLIS or a general insurance product issuer we make offers, arrange and accept offers for insurance policies on behalf of WLIS or the product issuer.

Will we give you personal advice that has regard to your objectives, financial situation and needs?

There are different types of advice that we may give you: in particular, personal advice or general advice. Under the law regulating the provision of financial services, personal advice and general advice have special meanings which may differ from what you might commonly understand or expect. In this context, and as used in this FSG:

Financial product advice is a recommendation, opinion or report that is, or which could reasonably be regarded as being, intended to influence a decision in relation to a financial product

Personal advice is financial product advice given where the customer's objectives, financial situation or needs have been, or would reasonably be expected to have been, taken into account

General advice is financial product advice that is not personal advice.

Not all our staff can provide financial product advice, and those who can may only be authorised to give general advice or personal advice on a limited range of financial products. If a Westpac staff member is unable to help you, they will refer you to another staff member who can. Some financial products may be sold on an execution only (no advice) basis.

You need to provide us with details of your individual investment objectives, financial situation and needs in order for us to give you personal advice. If you do not want to provide this information, you do not have to. In that case, we will warn you that the advice you receive may not be appropriate to your needs, objectives and financial situation. You should carefully read the warnings contained in any documentation before making an investment decision.

How can you give us instructions?

Generally, you may give us instructions in person, by writing to us or by telephone, fax, email or other means by pre-arrangement with us. How you give us instructions will depend on the financial services or financial products we provide to you.

Information about fees and other benefits

What fees and other benefits are received by us?

The fees, commissions, remuneration, margins and other benefits (collectively **Fees**) that we receive for providing a financial service depend on the service provided and are detailed below. If we offer to issue or sell a financial product to you or we give you personal advice recommending a financial product, we will, if required, give you a PDS, an SOA or other disclosure document detailing the specific Fees we may receive. Any Fees that are payable to us should, generally, be paid in cash or by direct debit, cheque, money order or other means by pre-arrangement with us. The Fees referred to below do not simply represent our profit margins but also go towards covering our costs and overheads.

We charge the following types of Fees:

Upfront Fees are usually paid when the financial service is provided or the financial product is sold or issued (including where further investments are made). In some circumstances, the Upfront Fee although incurred upfront may be paid over the life of the financial product. Upfront Fees are usually paid directly to Westpac (if it is the product issuer). If Westpac is not the product issuer, Upfront Fees may be paid by the product issuer to Westpac for Westpac selling the financial product.

Ongoing Fees are paid whilst a financial product is held, or a financial service is provided. Ongoing Fees are paid periodically after the end of the relevant calculation period (for example, monthly, quarterly, half-yearly or yearly) or when the service is provided. If Westpac is not the product issuer, Ongoing Fees may be paid to Westpac by the product issuer.

Margins are the margins, spreads or differences from the prevailing base market price or rate that Westpac incorporates into its price or rate for buying, selling or issuing a financial product. Margins, where relevant, are reflected in the purchase or sale price of a financial product.

Fees we charge

Fees for financial products issued by us

We may receive Fees when you purchase or while you hold a financial product issued by Westpac (such as a deposit product, non-cash payment facility, derivative, foreign exchange contract or security). These may include Upfront Fees, Ongoing Fees (such as management, account keeping, transaction or performance based) and exit Fees and are generally based on a percentage of the value of the investment or are flat Fees.

Details of Westpac's Fees for issuing a financial product will be contained in the PDS or other disclosure document for the financial product.

We may charge you Fees when you carry out transactions on an account or when you use our non-cash payment facilities, such as cheque books and transaction cards. Details of these Fees are available upon request.

Margins for buying, selling or issuing financial products

When Westpac buys, sells or issues derivatives, foreign exchange products and certain other financial products (including warrants, securities, managed investment products, non-basic deposit products and debt instruments) from or to a customer through Westpac's institutional banking division (Westpac Institutional Bank), Westpac may derive a financial benefit. Westpac obtains that benefit by incorporating Margins into the buy, sell or issue price or rate and/or by charging a Fee. The amount of the Fee may vary from customer to customer and, depending upon the type of financial product, may be influenced by a number of factors, including the size and term of the transaction, overall transaction volumes, current and expected market prices or rates and market volatility and liquidity.

Fees for selling financial products

When you purchase financial products (such as an insurance, a superannuation or a managed fund product) through Westpac, that is issued by someone else, we may receive an Upfront Fee and/or an Ongoing Fee which is payable on a monthly, quarterly, half-yearly or yearly basis for as long as you hold the financial product (or, in some cases, a replacement or renewed product). These Fees will be paid by the product issuer to us for the financial products we recommend and/or distribute and are included in the Fees and premiums you pay for the financial products you purchase.

The Fees we receive will be based on the amount of funds you invest or premium you pay and will vary between financial products and financial product issuers.

If we give you personal advice, you will be told the amount of any Fees Westpac, your adviser, any other member, employee or associate of the Westpac Group and any third party who referred you to us will receive or how the Fees will be calculated on the specific financial products recommended to you. This will be disclosed in, or with, the SOA we provide to you.

In general, we may receive the following Fees for selling financial products:

Insurance policies or referrals

We may receive Fees for selling insurance policies issued by Westpac Group and non-Westpac Group insurance product issuers or for successfully referring a customer to an insurance product issuer or insurance broker. The Fees for general and life insurance products are paid to us by the insurance product issuer or insurance broker when the premium is paid by the customer.

For general insurance products, we may receive an Upfront Fee of up to 20% of each premium.

For life insurance products, we may receive an Upfront Fee of up to 140% of the first year's premium and an Ongoing Fee of up to 10% of any further premiums paid.

Other financial products

We may also receive Fees for selling general investment, derivative, and superannuation products and Wrap as shown below.

Product/service type	Upfront Fee	Ongoing Fee per annum (pa)
Westpac Group general investment products	Up to 4% for one-off contributions, and up to 17.60% for regular contributions, of the amount you invest	Up to 0.30% pa of the value of the investment
Non-Westpac Group general investment products	Up to 10% of the amount you invest	Nil
Superannuation products	Up to 4% for one-off contributions, and up to 17.60% for regular contributions, of the amount you invest	Nil
Master Trust, Wrap and SuperWrap	Up to 2% of the amount you invest	A sales Fee of up to 0.40% pa, and an ongoing advice Fee of up to 1% pa, of the value of the investment
Margin loans	Nil (although there will be a Margin)	A sales Fee of up to 0.35% pa, and a service Fee of up to 1% pa, of the average daily outstanding principal (paid monthly in arrears)
Protected equity loans	Nil (although there will be a Margin)	Nil
Equity derivatives	Nil (although there will be a Margin)	Nil

For underwriting, structuring or arranging an issue of securities or managed investment products, we may receive a negotiated Upfront Fee (paid by the issuer or the investor when the securities or managed investment products are issued), which may be paid in cash or through the issue of securities or managed investment products to us.

Financial plan preparation fee

You may have to pay a Fee to Westpac if we prepare, through our financial planning service, a financial plan for you or we review your existing investments and insurance arrangements. The amount of this Fee will vary depending on a number of factors, including the complexity of your financial plan, the time taken by the financial planner to complete it and the amount invested. The Fee for preparing a simple plan will generally range between \$300 to \$400. Any such Fee will be discussed with you before the financial planner proceeds and is payable on the presentation of your financial plan.

If we give you personal advice, you will be told the amount of any Fees Westpac, your adviser, any other member, employee or associate of the Westpac Group and any third party who referred you to us will receive or how the Fees will be calculated on the specific financial products recommended to you. This will be disclosed in, or with, the SOA we provide to you.

What remuneration and other benefits are received by our employees?

The way we pay our staff varies between our business areas. Generally we pay our staff a combination of salary (generally paid fortnightly or monthly) and one or more of the following types of benefits:

Monetary benefits

Cash bonuses (including individual and/or team bonuses) are based on the performance of the staff member and/or the staff member's team, including the level of product sales and referrals to areas of Westpac's business (such as financial planning) and by reference to other performance measures. Bonuses are paid quarterly, half-yearly or yearly and may, at the election of the staff member, be paid by way of superannuation contributions or shares in Westpac.

Sales commission is calculated by reference to the amount and type of financial products sold by the staff member to Westpac customers. Sales commission percentages vary between types of financial products and financial product issuers and are based on a combination of upfront commissions and, for some products, ongoing commissions. These are paid out of the Fees that we receive and are not an additional cost to you. Sales commission accrues when the financial product is bought and is generally paid on a monthly basis. While commission percentages vary, generally, they are within the following ranges:

Product/service type	Upfront commission	Ongoing commission per annum (pa)
Investment and superannuation products	Up to 2.50% for one-off contributions, and 12.50% for regular contributions, of the amount invested	For investment products (but not superannuation products) up to 0.15% pa of the value of the investment
Life insurance products	Up to 90% of the first year's annual premium	Nil
Master Trust, Wrap and SuperWrap	Up to 1.35% of the amount invested	Up to 0.15% pa (as a service Fee) and up to 0.70% pa (as an ongoing advice Fee) of the value of the investment
Margin lending	Nil	Up to 0.50% pa of the average daily balance of the loan outstanding, paid monthly in arrears
Protected equity loans	Up to 1.50% of the amount of the facility	A sales Fee of up to 0.25% pa of the amount of the facility
Equity derivatives	Depending on the structure of the product, up to 2% of: <ul style="list-style-type: none"> ■ the amount invested; or ■ the amount of any loan embedded in the product 	Depending on the structure of the product, a sales Fee of 1% of: <ul style="list-style-type: none"> ■ the amount invested; or ■ the amount of any loan embedded in the product
Financial plan preparation or review	Westpac financial planners may receive up to 90% of the Fee paid by the customer to Westpac for this service	Nil

Monetary payments to a staff member are made by payment into an account nominated by the staff member.

Non-monetary benefits

Staff may also qualify for non-monetary benefits if they meet sales and performance targets (including their own sales or for referring customers to other areas of Westpac's business). The incentives range from small non-monetary rewards such as movie tickets to more valuable benefits such as pre-paid holiday packages, attendance at conferences and Westpac shares and options. The type of, and method of awarding, a benefit will depend on the promotion or remuneration scheme, the staff member's position and the area of our business.

It is not possible to determine at any given time whether a staff member will receive the benefits referred to above or to quantify them. They are generally not directly attributable to any particular product or service which the staff member has provided or advised on.

Fees received by related entities and our associations with product issuers

Companies within the Westpac Group manage, market, issue and provide financial products and financial services that you may acquire from, or through, us. We may pay to other companies within the Westpac Group up to 100% of our Fees for providing financial services. The relevant Fees are paid as an Upfront Fee when the service is provided or the product is issued or as an Ongoing Fee, periodically.

Westpac offers for sale and issue financial products issued by other persons (including companies outside of the Westpac Group) for which Westpac may receive Fees, as detailed above. We may also receive Fees if we refer you to a financial product issuer.

Fees for those who refer customers to us

If a customer is referred to us (whether by a person or company within or outside the Westpac Group), we may pay the referrer a Fee which may vary according to the customer, referrer and financial products involved. The referral Fee may be up to 100% of our Fees, a percentage of the total amount invested or paid through the referral, or a flat referral Fee and is paid as an Upfront Fee when the financial service is provided or the financial product is issued or, as an Ongoing Fee, periodically. The amount of the referral Fee may vary according to a number of factors including the importance of the business to us, the type of financial services or financial products acquired by the customer and the value of those financial services and financial products.

As referred to above, Westpac employees who refer customers to our financial planners or other parts of our business may also receive financial incentives and other benefits from Westpac as part of their remuneration package.

If you have a complaint

Problem resolution is a priority for us. We have established complaint resolution procedures that aim to deal with complaints quickly and fairly. If you have a complaint about any of our financial services or financial products, please contact us. You can contact us 24 hours a day, 7 days a week from anywhere in Australia, by:

Telephone: 1300 130 467

Email: via our website

www.westpac.com.au and click on 'Contact Us'

Fax: (02) 9226 6597

Mail: GPO Box 5265, Sydney NSW 2001.

If you feel your complaint has not been properly handled or resolved, please contact our Customer Advocate on 1300 301 977 for a further review of your complaint. The role of the Customer Advocate is to assist in resolving complaints.

If you remain dissatisfied with the outcome, you can refer your complaint to one of the following external complaints organisations:

Financial Industry Complaints Service (FICS)

FICS deals with complaints about responsible entities of managed investment schemes, licensees who give retail investment advice and life insurance.

PO Box 579 Collins Street West
Melbourne VIC 8007
Telephone: 1300 780 808
Fax: (03) 9621 2291
Email: fics@fics.asn.au
Internet: www.fics.asn.au

Banking and Financial Services Ombudsman (BFSO)

BFSO deals with complaints about banks and their related companies.

GPO Box 3A
Melbourne VIC 3001
Telephone: 1300 780 808
Fax: (03) 9613 7345
Internet: www.bfso.org.au

Insurance Enquiries and Complaints (IEC)

IEC deals with complaints about general insurance companies.

PO Box 561 Collins Street West
Melbourne VIC 8007
Telephone: 1300 780 808
Fax: (03) 9621 2060
Email: iec@iecltd.com.au
Internet: www.iecltd.com.au

Superannuation Complaints Tribunal (SCT)

SCT deals with complaints about superannuation funds, annuities and deferred annuities and retirement savings accounts.

Locked Bag 3060
GPO Melbourne VIC 3001
Telephone: 1300 884 114
Fax: (03) 8663 5588
Email: info@sct.gov.au
Internet: www.sct.gov.au

The Australian Securities and Investments Commission also has a free call Infoline on 1300 300 630. You can call this number to make a complaint and to obtain further information about your rights.

How we collect and use your personal information

Our Privacy Policy explains our commitment to the protection of your personal information. You may obtain a copy of our Privacy Policy by contacting us in any of the ways set out below.

Contacting us

Telephone

Call us on
132 032 Westpac
131 862 Challenge Bank
132 575 Bank of Melbourne
from 8.00am to 6.30pm Monday to Friday.

If you have a complaint you can contact us 24 hours a day, 7 days a week on 1300 130 467.

Mail

Write to us at Westpac, GPO Box 3433, Sydney NSW 2001.

Internet

Visit www.westpac.com.au

Email

Send an email to online@westpac.com.au

In person

Visit one of our branches.

