BANKING

MARKING GUIDE

The key contextualisation issues:

- GCB is seeking "serious change" so as to "materially improve return to shareholders"
- Capland has very onerous anti discrimination requirements
- The GCB CEO wants to introduce differential pricing for new residential housing loans
- The informal discussion with the Anti Discrimination Commissioner and banking regulator have not been encouraging
- The Commissioner wants "very good data"
- The banking regulator is worried about future profitability and solvency
- The CEO wants an "independent" opinion supporting differential pricing which will go to both the Commissioner and the banking regulator
- GCB's data has been peer reviewed.

A good answer will:

- Produce a report which addresses the legislative requirements and the particular issues raised by the Commissioner and banking regulator
- Deals directly with the "reasonable requirement"
- Demonstrates that GCB's data is sufficient
- Provides rigorous justification for differential pricing
- Gives specific details of the differential pricing proposed

Failure to provide specific details of the differential pricing is a very serious negative.

The peer review of the GCB data must be accepted without reservation.

END OF MARKING GUIDE

© 2016 Actuaries Institute