



The Commonwealth Bank helped the student accommodation provider Iglu to streamline rent collection and manage operating expenses for its high-quality properties.

Case Study: Iglu provides students with a home away from home.

A new student accommodation option

Iglu provides new, fully furnished studio and multi-share apartments with high-speed broadband internet and wireless access. The properties provide students with study and recreation areas, are close to universities, transport and shopping, and are staffed around the clock.

The first Iglu student accommodation property – Iglu Central – opened in January 2013. A second Iglu property in Chatswood is due to open in 2014.

Challenge

Iglu started working with the Commonwealth Bank when it secured debt funding to build its properties. When the Bank introduced Iglu to its transaction banking solutions, the company decided to implement a number of products.

“We were pleased with the Bank’s knowledge and professional service during the loan negotiations, so we were comfortable continuing the relationship,” said Richard Smith, Director, Iglu. “In terms of technology, the Bank is well known for its IT capabilities and has a better reputation than some of its competitors.”

Iglu operates each student accommodation property as stand-alone businesses with its own accounts administration to collect revenue and pay expenses.

“Our needs were quite complex,” said Smith. “We needed multiple accounts, and for each, we had to determine what money goes in and out, how frequently and who can view the account. For risk compliance, we also had to set spending limits on each account and decide who had the authority to approve transactions, transfer money and make payments.”





Solution

According to Smith, the Bank was helpful in advising Iglu on the most appropriate transaction banking products.

“Our relationship team came in and listened to what we wanted to set up,” he said. “For example, we wanted to avoid having too many accounts – if one account is used to collect student revenue, can it also be used to collect income from vending machines? We needed to think about the most efficient way to set up our accounts.”

“The Bank helped us clarify what we wanted,” said Smith. “We were well advised and ended up with products that were ideal for our needs.”

Benefits

Taking care of bonds

Iglu requires students to pay rent deposits which must be held in reserve accounts or deposited with the relevant state rental bond board.

“The Bank ensured the bond monies are channelled to the correct account, allowing us to comply with the legislation and keep track of the bonds associated with different rental agreements,” said Smith. “The Bank also offered competitive cash interest rates on all property reserve accounts.”

Regular rental payments

The Bank set up direct debit facilities to encourage students to make rental payments in a straightforward and hassle free manner. Under the rental agreements, Iglu student customers can pay via direct debit from their bank account or credit card.

“Every fortnight we deduct rent from multiple student bank accounts and credit cards,” said Smith. “Next year, when we open the Chatswood property, it will be 500 accounts, and the year after that around 1,000 accounts. We can also print or email receipts if students want a record of their payments.”

“The automated rent collection process ensures our cash flow is regular, and eliminates the time and effort required to deposit cheques.”

“The Bank’s assistance and advice has been very helpful and the team is approachable. We’ve had very good experiences with all the individuals we’ve worked with and they’ve delivered on everything they said.”

Third party collaboration eases burden

Each Iglu student accommodation property has an electronic booking and billing system that operates like a hotel check-in. Staff members use the system to record students’ personal information, assign them a studio or share apartment and organise the fortnightly rent payment. These details are then loaded into the system.

The booking and billing system needs to communicate with the Bank’s systems to debit rent money from students’ accounts. The Bank worked directly with Iglu and its subcontractor to enable this, easing the burden on Iglu and freeing the company to focus on its core business.

Visibility of multiple accounts

Iglu has a range of accounts to manage its finances. Iglu worked with the Bank to set up the appropriate authorities on each account. It had to determine who could view accounts, and make and approve payments.

“At the first meeting, the Bank asked the in-depth questions so we knew what to include in our table of requirements,” said Smith. “The team was very helpful in setting up the account structures and making them work.”

Iglu uses CommBiz to view its accounts and manage transactions. Each deposit and payment is reflected in CommBiz in real time, giving the company an up-to-date view of its incoming and outgoing funds. This assists with business and financial planning.

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Further Information

For further information, call your Relationship Executive or visit [commbank.com.au/transaction banking](http://commbank.com.au/transactionbanking)

For further information on Iglu Student Accommodation please visit www.iglu.com.au

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Produced by Commonwealth Bank of Australia ABN 48 123 123 124 AFSL 234945

CBA 3276 160813