

CUSTOMER OWNED BANKING
CODE COMPLIANCE COMMITTEE

Annual Report

2019-20

DECEMBER 2020



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Message from the Chair

I am pleased to present the Annual Report of the Customer Owned Banking Code Compliance Committee (the Committee), which provides a detailed analysis of our activities and achievements over the last financial year.

This report covers 2019–20, a year that saw extensive regulatory changes as a result of the Financial Services Royal Commission, followed by devastating bushfires and floods in parts of Australia and, in the latter stages, the COVID-19 pandemic. These events have had compounding and far-reaching consequences for the community as well as the customer owned banking sector.

This has been, and continues to be, an exceptionally challenging period for customers and businesses alike. Many customers have needed increased support, just at a time when Code subscribers faced unprecedented obstacles in providing this help. We have received periodic updates through the Customer Owned Banking Association (COBA) about the actions being taken by Code subscribers, and particularly welcome the amount of proactive engagement with customers in the first few months of the pandemic. As the lockdown eases in Australia, it will be important to recognise that the economic and social consequences are likely to continue for some time, with some customers continuing to need support.

Committee activities and achievements

Despite the pandemic, the Committee continued to ensure we met the standards required by the Australian Securities and Investment Commission (ASIC) for robust monitoring of an industry code.¹ Our work during the year included:

- considering nine referrals for investigation
- publishing the findings of two Own Motion Inquiries – one on the sale of consumer credit insurance by Code subscribers, and one on subscribers' compliance with the Code's privacy obligations
- publishing two insight articles regarding the work undertaken by the Committee
- engaging with stakeholders, including attending COBA Board meetings and regular liaison by the Code team with Treasury and ASIC
- attending and presenting at the COBA Annual Convention
- collecting and reviewing Code subscribers' self-reported breach and complaints data as part of the Annual Compliance Statement (ACS) program
- providing individualised Benchmark Reports to all Code subscribers, including high-level comparative trends to enable Code subscribers to review their compliance outcomes against industry and sector performance, and
- video conferences with 20 (35%) selected Code subscribers as part of the ACS verification program to discuss the self-reported data and share examples of good industry practice.

¹ More information about the Committee's powers to investigate Code breach allegations can be found in Appendix C.

Monitoring compliance

Breach reporting by subscribers is a key component of the Committee's compliance monitoring activities, with the ACS program forming the backbone of this work each year. The insights that we gain through Code subscribers' breach reporting and compliance data help inform best practice for customer owned banking institutions and allows the Committee to improve our own compliance monitoring activities.

In the past, our Annual Report has included detailed analysis, commentary and recommendations based on our discussions with Code subscribers as part of our ACS Verification Program, about where the industry sits in terms of breach reporting, Code compliance and best practice. This year, due to the significant and unexpected operational challenges facing Code subscribers as a result of the COVID-19 pandemic, the Committee provided subscribers additional time to complete the ACS questionnaire. Therefore, this Annual Report includes summary information from the 2019–20 ACS data. We have, where possible, given comparisons with previous reporting periods for some of the data.

The Committee intends to publish a detailed analysis of the findings and conclusions after the verification program is completed in early 2021.

In summary, the number of breaches self-reported by subscribers in 2019–20 increased by almost 25% from the previous reporting period. The number of Code subscribers who self-reported breaches has remained steady over the past four years, yet 16 Code subscribers reported nil breaches during 2019–20.

Self-reported complaint numbers were similar to the previous year. Deposit taking products and service levels continue to be the major area of concern for customers. 89% of complaints were resolved within 21 days, a decrease of 3% on the previous year. 6% of complaints were resolved within 45 days and 2% beyond 45 days. Only 1.4% of self-reported complaints resulted in a Code breach.

Review of the Code

In 2018, COBA commenced its review of the Code. Since then, the financial services sector has seen various regulatory and legislative changes, particularly in response to the Royal Commission's recommendations around responsible lending and the enforceability of financial services industry Codes – legislation for which is currently before parliament.

The Committee welcomes COBA's recent move to restart the Code review process, which was paused earlier in the year. We are pleased that our industry representative, Cindy Hansen, will be part of the Code Review Advisory Committee, engaging directly with the Code review about issues relevant to the Committee's work.

Looking forward

The release by ASIC of RG 271 – Internal Dispute Resolution guidance, which includes enforceable provisions, and the expected passage of the legislation regarding enforceability of Code provisions, means compliance with Codes and meeting community expectations will remain an important part of the work of customer owned banking institutions. We look forward to our work assisting subscribers to achieve compliance and meeting their goals for their relationships with their customers.

Appreciation

I wish to express my sincere thanks to the outgoing industry and consumer representatives, Anita Schut and Carolyn Bond respectively, for their invaluable insight and their positive contributions during their time on the Committee. I extend a very warm welcome to their successors, Cindy Hansen and Philip Cullum.

Thanks also to our Code team, led by General Manager Sally Davis and Code Compliance and Operations Manager Daniela Kirchlindé, for their guidance, support and assistance during the year.

I also wish to sincerely thank COBA Chair Elizabeth Crouch and COBA Chief Executive Officer Mike Lawrence, AFCA Chief Ombudsman David Locke, AFCA Deputy Chief Ombudsman June Smith and AFCA Lead Ombudsman Evelyn Halls, for working collaboratively with the Committee throughout the year.



Jocelyn Furlan

Independent Chair
Customer Owned Banking Code Compliance Committee

About this report

Our Annual Report for 2019–20 sets out the activities of the Committee during the reporting period and provides a snapshot of Code subscribers' self-reported breach information and compliance data.

The Charter of the Customer Owned Banking Code Compliance Committee (the Committee) requires the Committee to undertake the following functions:

- monitor compliance by Code subscribers with the Code
- investigate allegations of breaches of the Code and make determinations
- conduct own motion investigations
- provide guidance on compliance with the Code to Code Subscribers, and
- publish an Annual Report on its activities, including information as per clause 13.1 of the Customer Owned Banking Code Compliance Committee Charter.

Unlike previous Annual Reports, this year's report contains summary data about subscribers' compliance with the Code. In recognition of the unprecedented operational challenges faced by Code subscribers during the COVID-19 pandemic, the Committee extended the reporting deadline for the 2019–20 Annual Compliance Statement (ACS).

This extension has resulted in a later preparation and commencement of our ACS Verification Program, which involves in-depth compliance discussions with a sample group of Code subscribers to validate their breach reporting and gain valuable insights into the day-to-day management of their Code compliance obligations. The program is due to be completed by the end of March 2021.

The Committee will subsequently publish a report on our findings from the 2019–20 ACS Verification Program. The report will include our observations on the overall Code compliance of the customer owned banking sector, as well as guidance and recommendations for Code subscribers on how to achieve good practice within their organisation.

A snapshot of the customer owned banking industry

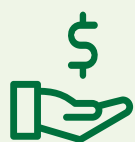
COLLECTIVELY, THE CUSTOMER OWNED BANKING SECTOR:



SERVES OVER

4.5 million

AUSTRALIANS* (ABOUT 18% OF AUSTRALIA'S CURRENT POPULATION)



MANAGES

\$138 billion

IN ASSETS (2.6% OF ASSETS MANAGED BY ALL DEPOSIT TAKING INSTITUTIONS†)

As at 30 June 2020, there are 60 Code subscribers, including 699 branches with about half (45%) in NSW and a quarter (23%) in Victoria.

Code subscribers are categorised based on the \$amounts in assets, including:

- 15** subscribers in Category A (over \$2b in assets)
- 9** subscribers in Category B (\$1b to \$2b in assets)
- 8** subscribers in Category C (\$500m to \$1b in assets)
- 11** subscribers in Category D (\$200m to \$500m in assets)
- 17** subscribers in Category E (up to \$200m in assets)

* See www.customerownedbanking.asn.au/about-coba/who-we-represent

† See APRA's quarterly authorised deposit-taking institution statistics <https://www.apra.gov.au/quarterly-authorized-deposit-taking-institution-statistics>

Investigations and targeted inquiries

The Committee has discretionary powers to investigate an allegation that a Code-subscribing customer owned bank has breached its obligations under the Code. Anyone can contact us to report a concern that a customer owned bank may have breached the Code.² We can also undertake our own inquiries, referred to as ‘Own Motion Inquiries’, which do not depend on a specific allegation.

Investigations of alleged Code breaches

In 2019–20, the Committee started seven new Code breach investigations and continued to investigate two existing Code breach allegations that remained open as at 30 June 2019.

While we did not identify any breaches as a result of these investigations, the matters under investigation facilitated discussions with the relevant Code subscribers about how to improve process and procedures.

The Committee has the discretion not to investigate a Code breach allegation if the matter has already been dealt with by another forum or another forum is considered to be more appropriate to deal with the matter (for example, AFCA, court proceedings or criminal matters).

Four matters remained open as at 30 June 2020, each of which was closed in August 2020.

Of the 9 matters investigated:

- 5 involved the same Category A Code subscriber
- 3 cases involved responsible lending
- 3 cases involved aspects of service issues, delays in providing the service or not explaining the service to the customer in a satisfactory manner
- 5 cases were initiated by direct contact from customers, 1 case was referred by a consumer advocate body, 2 cases were referrals from the AFCA systemic issues team and 1 case was an own motion inquiry initiated by the Committee based on an ASIC media release.

**IN 2019-20 THE
COMMITTEE STARTED
7 NEW CODE BREACH
INVESTIGATIONS**



Further detail about the 9 matters investigated during 2019–20 is available in Appendix C, Table 5.

² More information about the Committee's powers to investigate Code breach allegations can be found in Appendix C.

Own Motion Inquiries

The Committee published the findings of two Own Motion Inquiries (OMI) during 2019–20.

Compliance with privacy obligations follow-up inquiry outcomes

In June 2020, we published the findings of a follow up inquiry into how [Code subscribers applied recommendations issued by the Committee to improve compliance with privacy obligations](#) under the following sections of the Code:

- Section D23 – Information privacy and security, and
- Key Promise 8 – We will comply with our legal and industry obligations.

The recommendations were a result of a [2018 Own Motion Inquiry](#) (OMI) which investigated poor privacy compliance by customer owned banking institutions. A rise in reported privacy-related Code breaches since then prompted the Committee to conduct this follow-up inquiry to determine how subscribers currently manage privacy, and whether they had implemented the OMI recommendations or checklist.

Information was collected from 62 Code subscribers via the 2018-19 Annual Compliance Statement. The Committee also obtained additional information via telephone conferences with 20 Code subscribers.

Code subscribers were asked to consider how they:

- embed into their risk frameworks compliance with the privacy obligations in the Code
- review their organisation’s compliance with data and security policies, and
- protect privacy in third-party arrangements.

The inquiry showed some examples of good practice and dedication to compliance. However, the recommendations and privacy checklist provided in the 2018 OMI have not been fully implemented by all Code subscribers.

The Committee found that while subscribers had displayed a willingness to review policies and processes regularly, continued attention to monitoring, reviews and effective training are necessary for ongoing compliance.

The report identified three key areas for improvement:

- Review soft and hard copy documents to ensure information is destroyed or de-identified when no longer required.
- Adopt formal processes to document informal actions within the customer owned banking institution.
- Develop a policy that details the steps required to disclose information to overseas recipients.

" A rise in reported privacy-related Code breaches since then prompted the Committee to conduct this follow-up inquiry to determine how subscribers currently manage privacy ... "

Sale of consumer credit insurance by customer owned banking Code subscribers

As briefly outlined in our 2018–19 Annual Compliance Report, the Committee published an OMI into the [sale of consumer credit insurance \(CCI\) by customer owned banking Code subscribers](#) in September 2019. This OMI commenced in the previous financial year and relates to Section D13 of the Code (Third party products and services).

Scrutiny of add-on insurance products by consumers, regulators and government has increased in the past decade, with a particular focus on the sale of consumer credit insurance (CCI). Insurers and third-party sellers have been criticised for offering poor-quality products, pressure selling and selling to consumers who were unaware they were consenting to the purchase.

The Committee's aim was to establish whether Code subscribers sell CCI and other add-on insurance products, understand their sales practices and examine their compliance with related Code obligations.

The Committee obtained information from Code subscribers for this inquiry via the Annual Compliance Statement program and conducted a Data Verification Project (DVP) with 13 Code subscribers who sold a high volume of CCI policies.

Nearly all Code subscribers (92%) sell add-on insurance products, particularly CCI. Subscribers receive a commission on products sold.



Although all 13 Code subscribers participating in the DVP reported that they conduct reviews of the CCI products they sell, reviews do not appear to be conducted annually as recommended by COBA. Only two Code subscribers specified that their reviews consider the products' usefulness, reliability or value to customers, as required under the Code.

The Committee made seven recommendations as a result of this inquiry, most of which are linked to and reinforced by specific sections of the Code. They also align to recommendations made in ASIC's Report 256 on CCI.

Further details about Code obligations and the Committee's role, functions and work program can be found on the Committee's website (www.cobccc.org.au), COBA's website (www.customerownedbanking.asn.au/consumers/cobcop) and AFCA's website (www.afca.org.au/about-afca/codes-of-practice/).

Promoting improved industry practice

The Committee engages with stakeholders to analyse the external financial services environment, share our experience of Code compliance and influence positive changes in industry conduct. This work includes empowering consumers to access their rights under the Code; supporting Code subscribers to comply with the Code; and providing Code training to help industry and consumers understand and uphold their rights and responsibilities under the Code.

Our contribution to the Code review

We wrote to COBA in May 2020 to provide the Committee's views on the indicative draft version of the Code as it relates to the Committee's role and powers. These views were also discussed with the Code reviewer and outlined in a formal submission to COBA.

We look forward to continuing to engage with COBA and the Code reviewer, as the review resumes and working with Code subscribers to transition to the revised Code and implementing changes to the role of the Committee under the revised Code and its revised Charter.

" All Code subscribers were provided with individual benchmark reports, including discussions with 20 individual Code subscribers to obtain further insights into their compliance framework and culture."

Our stakeholder engagement

We also engaged with Code subscribers, industry, regulators and consumer advocates throughout 2019–20.

All Code subscribers were provided with individual benchmark reports, including discussions with 20 individual Code subscribers to obtain further insights into their compliance framework and culture. We also provided Code subscribers with guidance, via our *Insight* articles on the Committee's website, about the two Own Motion Inquiries we published during the year. These articles can be found [here](#). The article about the consumer credit insurance OMI was also published in COBA's national bulletin and the Consumers' Federation of Australia (CFA) [newsletter](#).

We had regular meetings with executive staff and ombudsmen from AFCA, and we also met with COBA, ASIC, Treasury and consumer advocates throughout the year.

We attended and presented at various stakeholder conferences during the year, including:

- Responsible Lending and Borrowing Summit in Sydney (March 2020)
- COBA Convention on the Gold Coast (November 2019)
- Settlement Services International NSW Forum in Sydney (September 2019), and
- National Elder Abuse Conference in Brisbane (July 2019).

Our monitoring activities

Assessing customer owned banks' compliance with the Code of Practice is a key element of the Committee's monitoring activities. As part of this process, Code-subscribing customer owned banking institutions must self-report Code breaches to us via our Annual Compliance Statement (ACS). The information we receive from institutions about how and why they have breached the Code helps us identify current and emerging risks, as well as provide guidance on good industry practice.

Breach reporting and compliance data

As previously mentioned, Code subscribers were given additional time to complete and submit their 2019–20 ACS questionnaires in recognition of the operational challenges caused by COVID-19. This meant that the Committee had only just begun holding ACS verification conferences with a sample group of Code subscribers to test and validate their breach reporting and compliance data as this Annual Report was published. This verification process is scheduled to be completed in March 2021.

Accordingly, the following information provides a snapshot of breach reporting and compliance data as reported to us by Code subscribers. We have made comparisons to previous reporting periods where possible.

Deeper analysis and insight, along with appropriate commentary and recommendations for improving industry practice, will be provided by the Committee as a separate report once we have completed our ACS Verification Program. We expect this report to be available in the first half of 2021.

A snapshot of self-reported Code breaches

In 2019–20, Code subscribers self-reported 2,537 breaches. This is a 24% increase on the previous year (*Chart 1*). Only 73% of Code subscribers self-reported breaches in 2019–20 compared with 85% in 2018–19. The Committee observed a big variance in reporting culture, with one Code subscriber self-reporting 636 breaches and 16 Code subscribers reporting nil breaches (*Table 14*).

Definition of Breach

A failure to comply with the obligations of the Code in relation to the provision of a customer owned banking product and/or service.³

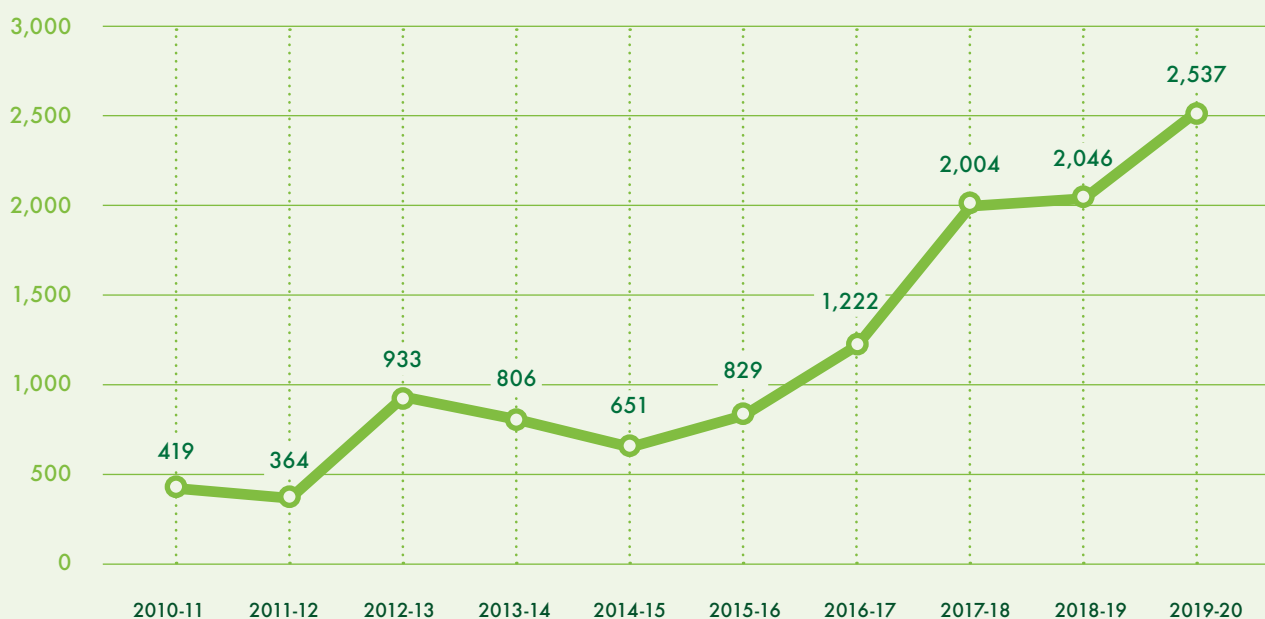
 **2,537**

**SELF-REPORTED CODE
BREACHES IN 2019-20**

↑UP 24% FROM 2018-19

³ Terms have been defined with reference to the ASIC Regulatory Guide 78 – Breach Reporting by AFS Licensees, the Australian Standard AS 3806 2006 – Compliance Programs, Section 912D of the Corporations Act 2001.

Self-reported Code breaches



" Privacy and customer service were the top two categories of self-reported Code breaches over the past three years "

The top reported breach areas

Privacy and customer service were the top two categories of self-reported Code breaches over the past three years (*Table 6*). In 2019–20, more than half (51%) of all reported breaches related to general obligations, such as key promises, and one third (34%) of all reported breaches related to other Code obligations, such as privacy (*Table 13*).

The main area of concern is still privacy, with 31% of breaches self-reported against D23 – Information Privacy and Security. While there has been an increasing number of reported breaches in this area since 2017–18 (*Table 13*), only 2% of complaints received in 2019–20 were about privacy (*Table 20*).

Issues related to customer service standards accounted for 30% of all breaches reported, which is the same as 2018–19. A significant number of complaints received (28%) related to service (*Table 20*).

Breaches relating to compliance with legal obligations (KP8) accounted for 12% of breaches in 2019–20, a 5% reduction from the previous year.

The self-reported breach data indicates a rise in breaches relating to customer owned banks providing accurate and efficient information about interest rates, fees and charges (D3 – 5%) and products (D2 – 4%). 16% of complaints centred around charges, while another 6% of complaints related to disclosure issues (*Table 20*).

⁴ Code subscribers are categorised by size based on \$ amount in assets. See *Table 2* for definitions of each subscriber category.

Breach reporting by subscriber size⁴

According to their ACS responses, Category A subscribers were responsible for more than three-quarters (78%) of self-reported Code breaches (Table 8). There remains a significant variance in reporting by this segment. One subscriber reported nil breaches, one reported over 200 and another reported more than 500.

All Category B subscribers reported breaches and complaints in 2019–20 (Table 9), but only 36% of Category D subscribers and 39% of Category E subscribers self-reported breaches (Tables 11 and 12). Customer owned banks in different categories may operate differently due to their size and this could influence how they discover and report breaches. For example, smaller companies might not have the resources to undertake extensive audits and reviews, with breaches only becoming apparent when there is a complaint.



Code breaches by subscriber size

Key Promise 5: 'We will deliver high customer service and standards'

The vast majority (83% of 749) of self-reported breaches concerning delivering high customer service were self-reported by three Category A subscribers (including 51% by one Category A subscriber). Most of the remaining breaches (15% of 749) were self-reported by seven other Code subscribers.

Key Promise 8: 'We will comply with our legal and industry obligations'

Over half (57% of 307) of the breaches concerning legal obligations were self-reported by two Category A subscribers and one quarter (25% of 307) were self-reported by four other Code subscribers, including three Category A subscribers and one Category C subscriber.

Section D2: Product information

Of the breaches relating to product information, over half (56% of 111) were self-reported by two Category A subscribers: one self-reported 41% and the other self-reported 15% of the total.

Section D3: Interest rates, fees and charges

One-third (35% of 114) of breaches concerning interest rates, fees and charges were self-reported by two Category A subscribers.

Section D16: Statement of accounts

One Category E subscriber accounted for almost three-quarters (72% of 89) of breaches concerning statement of accounts.

Section D6: Responsible lending practices

Over two-thirds (69% of 105) of breaches concerning responsible lending practices were self-reported by four Code subscribers. One of these being a Category A subscriber, accounted for one-third (33%) of these breaches.

Section D23: Information privacy and security

Complying with information privacy and security continues to be a concern for more than half of Code subscribers, with 55% self-reporting breaches of this Code obligation. One Category A subscriber reported 446 breaches (57% of all D23 breaches) and two Code subscribers reporting more than 100 breaches each.

Section D1: Advertising

Nearly half (42% of 43) of breaches concerning advertising were self-reported by one Cat A subscriber.

The impact of Code breaches on customers

Code breaches can have a major personal and financial impact on customers (*Table 19*). Institutions reported that, during the 2019–20 period, about 821,000 customers were directly financially affected by breaches (where information was provided⁵). The resulting financial impact to customers totalled over \$470,000.

The greatest financial impacts involved two individual customers, resulting in a loss of over \$50,000 to each customer. One breach of Section D6 was caused when staff did not follow process and procedures regarding responsible lending practices (Section D6) and one breach of Key Promise 5 was caused by staff arranging transfers from a deceased account in error.

The highest number of customers impacted by one reported breach (124,438) occurred when a change to programming resulted in investor deposits being underpaid and overpaid for some accounts due to a system error (self-reported as breach of Key Promise 5). 119,600 customers were impacted by an attack of a third-party hosted system resulting in a data breach (self-reported as breach of Section D23 Privacy).

The root cause of Code breaches

According to Code subscribers, manual error by staff was the top reason for Code breaches in 2019–20 (*Table 18*). It resulted in instances of non-compliance across almost all aspects of the Code and was the reason given most often for breaches of Key Promise 5 – ‘We will deliver high customer service and standards’ and compliance with privacy obligations (Section D23).

A snapshot of self-reported complaints

Code subscribers self-reported 27,041 complaints, a slight increase on the previous year, when 26,899 complaints were reported (*Table 20*). Only 1.4% of all complaints also identified a Code breach. Almost all Code subscribers self-reported complaints and only three Category E subscribers reported nil complaints (*Table 25*). There is still a reporting variance across categories, with six subscribers self-reporting more than 1,000 complaints, 17 reporting over 100 complaints and 37 reporting 100 or less complaints.

Subscribers reported that they resolved 89% of customer complaints within 21 days – down 3% from the previous year (*Table 20*). Of these, 30% were resolved in favour of the customer, 31% by mutual agreement and 19% by general feedback. One Category A Code subscriber reported that it does not currently capture the outcome of complaints, attributing 84% of all self-reported complaints in the category of ‘other’ to identify the outcome of a complaint.

Future reporting on complaints may change when new internal dispute resolution guidelines pursuant to ASIC [Regulatory Guide 271](#) (RG 271) become effective on 5 October 2021.

Definition of Complaint

[An expression] of dissatisfaction made to or about an organisation, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required.⁶

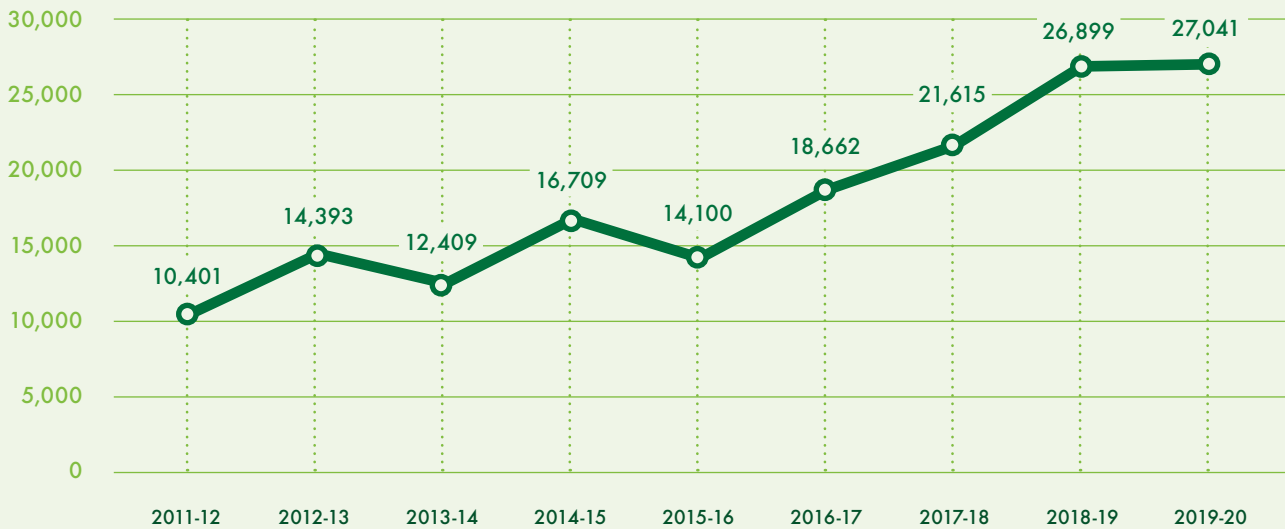
All complaints are to be reported, including complaints that are resolved to the customer’s complete satisfaction by the end of the fifth business day.⁷

⁵ Numbers are indicative only, as not all Code subscribers provided conclusive information for each self-reported Code breach.

⁶ As per [AS/NZS 10002:2014](#).

⁷ As per ASIC Consultation Paper 311 ([CP311](#)).

Self-reported complaints



Category A subscribers continued to self-report the majority (87%) of complaints in 2019–20. This is a trend that has occurred since 2014–15⁸ when they accounted for 88% of self-reported complaints.

Top products of complaint

Deposit-taking products was the biggest single category of complaints, accounting for 39% of self-reported complaints for the year, down slightly from 42% in 2018–19 (*Table 20*). Of the 10,528 complaints about these products, 70% were self-reported by four Category A subscribers. Another eight subscribers self-reported more than 100 complaints each, accounting for 22% of the total complaints received about deposit-taking products (*Table 20*).

Complaints relating to payment systems made up 27% of all self-reported complaints in 2019–20, up from 24% the previous year. In all, 7,397 payment-systems-related complaints were self-reported by subscribers, with 70% self-reported by two in Category A.

 **10,528**

COMPLAINTS ABOUT DEPOSIT-TAKING PRODUCTS ACCOUNTING FOR 39% OF SELF-REPORTED COMPLAINTS FOR 2019–20.

Six subscribers accounted for 21% of complaints about these products, each self-reporting over 100 complaints, including one Category A subscriber who accounted for 9% and one Category E subscriber who accounted for 2%.

Credit products were the subject of 17% of complaints, up from 15% in 2018–19. More than three-quarters (77%) of the 4,502 credit-related complaints were self-reported by six Category A subscribers, including one that self-reported over 1,000 of these complaints and two that self-reported over 500 complaints each.

⁸ Prior to 2018–19, Category A and Category B subscribers were combined into a single category (see *Chart 4*).

Top issues of complaint

While service was once again the most common issue of all customer complaints, the self-reported data indicated a significant reduction in the number of complaints about service levels compared to the previous year. Where 39% of all complaints in 2018–19 related to service, this dropped to 28% in 2019–20 (Table 20). Of the 7,626 complaints about service, more than half (54%) were self-reported by two Category A subscribers, while another one-third (37%) were self-reported by eight subscribers.

There were 4,279 complaints relating to charges, accounting for 16% of all complaints for 2019–20. This was an increase of 2% from the previous year. The majority (82%) were self-reported by four Category A subscribers, including one that self-reported more than 1,000 of these types of complaints. Another subscriber in Category D self-reported over 100 complaints, representing 2% of total charges-related complaints for the year.

Rounding out the top five most complained-about issues for the year were transactions (14%, up from 10% in 2018–19), decision by Code subscriber (13%, up from 9% in 2018–19) and instructions (6%, down from 8% in 2018–19). The vast majority of complaints for each of these three issues were self-reported by five or fewer Code subscribers, most in Category A.

" While service was once again the most common issue of all customer complaints, the self-reported data indicated a significant reduction in the number of complaints about service levels compared to the previous year. "

Code subscribers' compliance monitoring activities

Code subscribers reported that they undertook a wide range of compliance monitoring activities throughout 2019–20 (Table 27).

Most Code subscribers reported having conducted compliance reviews on the following areas:

- information on website
- internal dispute resolution
- dealing with customers in financial difficulty
- privacy obligations, and
- training of staff.

Areas which did not receive as much attention included:

- identifying and assisting customers affected by family violence, and
- training of third-party providers.

Some Code subscribers completed activities listed under 'other' which included a review of:

- Anti-Money Laundering and Counter-Terrorism Financing rules
- international funds transfer instructions and procedures
- compliance with APRA prudential obligations
- customer education to heighten awareness relating to known scams, and ways customers may protect themselves
- COVID-19 hardship response
- handling of deceased estates
- disclosure obligations
- outbound calling procedures, and
- training for frontline staff on Power of Attorneys.

2019–20 data trends at a glance

60 


CODE SUBSCRIBERS
(TWO LESS THAN 2018–19⁹)

2,537 

SELF-REPORTED BREACHES
(24% MORE THAN 2018–19)

 27,041

SELF-REPORTED COMPLAINTS
(0.5% MORE THAN 2018–19)

73% 

OF CODE SUBSCRIBERS
SELF-REPORTED BREACHES

<40%

OF SUBSCRIBERS IN
CATEGORY D AND CATEGORY
E SELF-REPORTED BREACHES

89%

OF COMPLAINTS WERE
RESOLVED WITHIN 21 DAYS

100%

of Category A, B, C and D
Code subscribers self-reported
complaints

82%

of Category E Code subscribers
self-reported complaints

~33%

of all Code breaches related
to privacy obligations
(31% in 2019–20, 26% in
2018–19 and 22% in 2017–18)

~33%

of all Code breaches
related to the delivery of
high customer service and
standards (30% in 2019–20
and in 2018–19)

>25%

of all complaints related
to service issues (28% of
all complaints in 2019–20
compared to 39% in 2018–19)

~1%

of complaints were escalated
to external dispute resolution

<1%

of all complaints received by
AFCA in 2019–20 related
to customer owned banking
institutions

⁹ While subscriber numbers reduced in 2019–20, there was an increase in the number of Category A subscribers and branches, and a decrease in numbers and branches of all other subscriber categories due to mergers and acquisitions. More detail can be found in Tables 3 and 4 in Appendix B.

About the Code Compliance Committee

The Code Compliance Committee ([the Committee](#)) is an independent compliance monitoring body established in accordance with Part E of the Code, under the authority of the Board of COBA. The diagram below sets out the Committee's principles and purpose, along with its key objectives and expected outcome.

During 2019–20, the Committee formally met 9 times, including 5 meetings in Melbourne and 4 video conferences. The Committee also had informal individual meetings with the Code Team via video conferences, as well as meetings with COBA, regulators and other stakeholders. The Committee Chair meets with the Chairman of COBA's Board of Directors from time to time.

COMMITTEE'S PRINCIPLES

- Accessibility
- Accountability
- Fairness
- Independence
- Transparency

COMMITTEE'S PURPOSE

- To encourage and promote customer owned banking institutions to meet customer and community needs and expectations.

COMMITTEE'S OBJECTIVES

- Monitor Code compliance and share recommendations for good practice.
- Engage with stakeholders and analyse the external financial services' environment.
- Ensure efficient and effective operations.

OUTCOME

- Improved standards of practice and service.

The Committee members

The Customer Owned Banking Code Compliance Committee comprises three members – an independent Chair, an Industry Representative and a Consumer Representative. During the 2019–20 reporting period, we had outgoing and incoming Industry Representatives and outgoing and incoming Consumer Representatives.



Jocelyn Furlan

Independent Chair

B.Com LL.B. GAICD

Appointed: 19 February 2019

Term expires: 19 February 2022
(first term)

Jocelyn's passion is an Australian community empowered about their financial affairs.

She is a non-executive director of Financial Counselling Australia, Aware Super and is Chair of the Board of Strathcona Baptist Girls Grammar School. She is also a member of Vanguard Investment Australia Ltd's External Compliance Committee, and a part-time member of the Superannuation Complaints Tribunal. She is the Principal of Furlan Consulting. Jocelyn was the Chairperson of the Superannuation Complaints Tribunal for eight years from 2007 until March 2015. Since April 2015 she has provided consulting services, principally in the area of dispute resolution, including to the Commonwealth Bank of Australia's financial advice remediation programs.

Jocelyn holds law and commerce degrees and is a graduate of the AICD and a member of numerous superannuation industry associations. She has over 30 years' experience in superannuation, including being the inaugural Company Secretary of VicSuper.



Cindy Hansen

Industry Representative (incoming)

LL.B (Hons), F FIN, GAICD

Appointed: 1 January 2020

Term expires: 31 December 2022
(first term)

Cindy is the General Counsel & Company Secretary for Qudos Bank and has over 25 years' experience in the finance industry, specialising in legal, compliance and governance in retail banking and consumer finance. She also holds voluntary positions within the mutual and financial services sectors, including as an Elected Councillor for HCF, a Director of the Australian Finance Industry Association (AFIA) and a member of the FINSIA Retail and Business Banking Industry Council. Cindy holds a law degree, a graduate diploma in finance and investment and is a graduate of the Australian Institute of Company Directors. She is proud to be a signatory to the Banking & Finance Oath.



Philip Cullum

Consumer Representative (incoming)

LL.B (Hons), LL.M

Appointed: 29 February 2020
Term expires: 28 February 2023
(first term)

Philip is a highly experienced consumer advocate and regulator in Australia and the UK. He is a board member of the Consumer Action Law Centre and a member of the Consumer Policy Research Centre's 2020 reference group and he has undertaken consultancy work on financial services for the Consumers Federation of Australia. In the UK he held senior roles at 'Which?', the National Consumer Council and Consumer Focus, and he has chaired or been a member of various UK consumer panels and advisory committees in financial services, food safety, aviation and water.

He has been a senior advisor to the Australian Energy Regulator since 2017, working on strategy, governance and change. Philip was previously at the Australian Competition and Consumer Commission, on secondment from the UK energy regulator Ofgem, where he was the Consumer and Sustainability Partner. He was appointed by the UK Government to its Better Regulation Commission, Risk and Regulation Advisory Council and Regulatory Policy Committee.



Anita Schut

Industry Representative (outgoing)

B.A. (Asian Studies), Grad. Dip.
Personnel Mgt

Appointed: 1 January 2014
Term expired: 31 December 2019
(final term)

Anita is the Head of Legal, Governance and Compliance at Unity Bank and is the informal Chair and founder of the NSW Mutual Compliance Group. She has more than 20 years' experience working in compliance, including as Banking Compliance Manager for Citibank Australia, and has extensive broader financial services industry experience including lending, human resources and project management roles.

Anita has completed the Australian Compliance Institute Certified Compliance Professional program.



Carolyn Bond AO

Consumer Representative (outgoing)

Appointed: 1 March 2015
Term expired: 28 February 2020
(final term)

Carolyn has worked in the consumer advocacy field for more than 20 years, focusing primarily on issues such as consumer credit, debt collection and high pressure selling. Carolyn was co-CEO of the Consumer Action Law Centre, and Chair of the Consumers Federation of Australia. She has represented consumers on a number of bodies including the Commonwealth Consumer Affairs Advisory Council and the ASIC Consumer Advisory Committee.

She has been a director of the Victorian Legal Services Board, the former Banking and Financial Services Ombudsman and the Energy and Water Ombudsman Victoria. Carolyn is currently supporting community organisations to contribute to industry policies which improve financial outcomes for family violence victims. She is a director of the Financial Counselling Foundation and the Financial Advisers Standards and Ethics Authority.

The Compliance Manager

The Australian Financial Complaints Authority ([AFCA](#)¹⁰) provides Code monitoring and administration services as Compliance Manager¹¹ to the Committee and COBA by agreement. AFCA has appointed a dedicated team of staff (Code Team) within its office to undertake that task.

The Code Team staff



Sally Davis

General Manager, Code Compliance & Monitoring

B.Comm, LL.B. Grad Dip (Arts)

Appointed: September 2015
– current

Sally Davis is General Manager – Codes at the AFCA and CEO of the Banking Code Compliance Committee. Her role includes oversight of the work plans and budgets of five independent Committees which monitor compliance with codes of practice across the financial services industry covering the banking, customer owned banking, general insurance, life insurance and insurance broking industries.

Sally has worked at AFCA and its predecessor schemes since 2000 and was previously Senior Manager of Systemic Issues at the Financial Ombudsman Service (FOS). Sally has extensive experience in the financial services industry, as well as good relationships with regulators, industry and consumer groups. Sally is passionate about providing community assurance and ensuring continuous improvement through her role supporting the Customer Owned Banking Code Compliance Committee.



Daniela Kirchlinde

Code Compliance and Operations Manager

B.Comm, Grad Dip (Finance and Investment)

Appointed: October 2009 – current

Daniela has a background in dispute resolution and broad insurance industry experience in Australia, England and Germany. Daniela previously worked as Complaints and Compliance Manager at FOS and its predecessor schemes since 1995.

In addition to her Compliance Management role for the Customer Owned Banking Code of Practice, she also manages compliance for the Insurance Brokers Code of Practice.

Daniela holds a Bachelor of Commerce from the Cologne University (Germany) and a Graduate Diploma in Finance and Investment from the Australian Securities Institute Melbourne.

¹⁰ The Financial Ombudsman Service (FOS) Australia was the predecessor scheme to the Australian Financial Complaints Authority (AFCA).

¹¹ As per Customer Owned Banking Code Compliance Committee Charter section 4.4.

Financials details

The Customer Owned Banking Code Compliance Committee financial details for the period 30 June 2019 to 30 June 2020.

	30 June 2019	30 June 2020
Staff costs		
Gross salaries (including Committee remuneration), leave provisions, Super, training and recruitment	\$146,554 ¹²	\$262,277 ¹³
Operating expenses		
Office Costs	\$977	\$1,731
Professional Assistance	\$8,620	\$12,570
Communications, Stakeholder Relations & Travel	\$24,003	\$9,574
Technology	\$12,886	\$10,088
Occupancy Costs	\$6,428	\$13,752
Total Salaries and Expenses	\$199,468	\$309,992
Total Funding	\$208,520	\$336,514
Annual Surplus/ (Deficit)	\$9,052	\$26,522¹⁴

¹² Based on 1.2 full time equivalent (FTE) staff, including 0.2 FTE (1 day/week) for the position of the Code Compliance and Operations Manager.

¹³ Based on 1.5 FTE staff, including 0.3 FTE (1.5 days/week) for the position of the Code Compliance and Operations Manager.

¹⁴ \$20,000 applied to funding for the 2020–21 period.

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Appendix A: About the Code

The 2014 Customer Owned Banking Code of Practice (the Code) sets standards of good industry practice for the 60 Code subscribers¹ that have agreed to comply with its provisions when dealing with current and prospective individual and small business customers. By subscribing to the Code, customer owned banking Code subscribers have voluntarily committed to uphold good industry practice, promote informed decision-making about their services, and act fairly and reasonably in delivering those services.

The Code is owned and published by the Customer Owned Banking Association ([COBA](#)) – the industry advocate for Australia’s customer owned banking sector – and forms an important part of the broader national consumer protection framework and financial services regulatory system.

The Code has been revised to accommodate changes the Australian Securities and Investments Commission ([ASIC](#)) made to [Regulatory Guide 221 Facilitating digital financial services disclosures](#) and the *e-Payments Code*. The revised Code has been effective from 1 July 2016. A further update was published, effective 1 January 2018.

In 2018 COBA formed a Code Review Advisory Committee made up of representatives from COBA members and Code subscribers to provide advice to COBA to help guide the review process and shape the strategic direction of the revised Code. In December 2018 COBA appointed Phil Houry², Principal of cameron.ralph.houry, to undertake the independent review of the Code. The review of the Code is still ongoing.

Key promises

The Code sets out 10 key promises: general principles or values that apply to Code subscribers’ dealings with all customers, as well as the broader community. Code subscribers have committed to these key promises, which apply to all customer owned banking services delivered by Code subscribers to individuals and small business across Australia.

The Code consists of five parts. Part A, B, C and E provide the important framework of the Code. Part D includes 30 specific sections which detail how these key promises are to be delivered by Code subscribers.

Table 1: The 10 key promises

1. *We will be fair and ethical in our dealings with you.*
2. *We will focus on our customers.*
3. *We will give you clear information about our products and services.*
4. *We will be responsible lenders.*
5. *We will deliver high customer service and standards.*
6. *We will deal fairly with any complaints.*
7. *We will recognise our customers’ rights as owners.*
8. *We will comply with our legal and industry obligations.*
9. *We will recognise our impact on the wider community.*
10. *We will support and promote the Customer Owned Banking Code of Practice.*

¹ Code subscribers as at 30 June 2020 are listed in [Appendix D](#).

² See <http://www.customerownedbanking.asn.au/consumers/cobcop/cobcop-review>

Appendix B: Code subscribers as at 30 June 2020

Australian Central Credit Union Ltd t/as People's Choice Credit Union	Maitland Mutual Ltd t/as The Mutual Bank
Australian Mutual Bank t/as Endeavour Mutual Bank t/as Sydney Mutual Bank	MCU Limited t/as Maleny Credit Union
Australian Unity Bank Limited	Members Banking Group Limited t/as RACQ Bank
Bank Australia Limited	Northern Inland Credit Union Ltd
B&E Limited t/as Bank of us	Orange Credit Union Limited
Beyond Bank Australia Limited t/as Beyond Bank Australia t/as Nexus Mutual	Police and Nurses Limited t/as P&N Bank t/as BCU
Broken Hill Community Credit Union Ltd	Police Bank Ltd t/as Police Bank
Central Murray Credit Union Ltd	t/as Border Bank t/as Bank of Heritage Isle
Central West Credit Union Limited	Police Credit Union Limited
Coastline Credit Union Ltd	Pulse Credit Union Ltd
Community First Credit Union Limited t/as Community First Credit Union t/as East Street	QPCU Limited t/as QBANK
Credit Union Australia Ltd t/as CUA	Qudos Mutual Limited t/as Qudos Bank
Credit Union SA Limited	Queensland Country Bank Limited
Defence Bank Limited	Railways Credit Union Ltd t/as MOVE Bank
Dnister Ukrainian Credit Co-Operative Ltd	Regional Australia Bank Ltd
Family First Credit Union Limited	South West Credit Union Co-operative Ltd
Fire Service Credit Union Ltd	South West Slopes Credit Union Ltd
Firefighters & Affiliates Credit Co-operative Limited t/as Firefighters Credit Co-operative	Southern Cross Credit Union Ltd
First Choice Credit Union Ltd	Summerland Financial Services Limited t/as Summerland Credit Union
First Option Bank Limited	Teachers Mutual Bank Limited t/as Teachers Mutual Bank t/as Firefighters Mutual Bank t/as UniBank t/as Health Professionals Bank
Ford Co-operative Credit Society Limited t/as Geelong Bank	The Capricornian Ltd
Gateway Bank Limited	Traditional Credit Union Ltd
G&C Mutual Bank Limited	Transport Mutual Credit Union Ltd
Goulburn Murray Credit Union Co-Operative Ltd	Unity Bank t/as Unity Bank t/as Reliance Bank
Greater Bank Limited	Victoria Teachers Limited t/as Bank First
Heritage Bank Limited	Warwick Credit Union Ltd
Horizon Credit Union Ltd t/as Horizon Bank	WAW Credit Union Co-operative Ltd
Hume Bank Limited	Woolworths Employees Credit Union Limited
Illawarra Credit Union Limited	
Laboratories Credit Union Limited	
Lysaght Credit Union Ltd	
Macarthur Credit Union Ltd t/as The Mac	
Macquarie Credit Union Ltd	

Categorisation of Code subscribers

Since 2015–16, the size of Code subscribers is categorised based on \$ amount in assets (prior to that, size of Code subscribers was measured by number of staff):

Table 2: Categorisation of Code subscribers

Size of Code subscriber	Prior to 2015–16 measured by staff numbers	Since 2015–16 measured by \$ amount in assets	Since 2018–19 additional category
Category A	over 100 full time equivalent staff	over \$1b in assets	over \$2b in assets ³
Category B			\$1b to \$2b in assets
Category C	31 to 100 full time equivalent staff	\$500m to \$1b in assets	\$500m to \$1b in assets
Category D	up to 30 full time equivalent staff	\$200m to \$500m in assets	\$200m to \$500m in assets
Category E		up to \$200m in assets	up to \$200m in assets

Table 3: Number of Code subscribers by state (head office) and size

By \$ amount in assets By number of active members	NSW	NT	Qld	SA	Tas	Vic	WA	Total	Compared to 2018–19
Category A	5	-	4	2	-	3	1	15	12
Over 200,000	2	-	2	2	-	-	-	6	
Between 100,000 and 200,000	-	-	1	-	-	2	1	4	
Between 50,000 and 100,000	3	-	1	-	-	1	-	5	
Category B	6	-	-	2	-	1	-	9	9
Between 50,000 and 100,000	3	-	-	1	-	-	-	4	
Between 10,000 and 50,000	3	-	-	1	-	1	-	5	
Category C	4	-	2	-	1	1	-	8	11
Between 10,000 and 50,000	4	-	1	-	1	1	-	8	
Category D	6	-	1	-	-	3	-	11	11
Between 10,000 and 50,000	4	-	-	-	-	2	-	8	
Up to 10,000	2	-	-	-	-	1	-	3	
Category E	8	1	1	1	-	6	-	17	19
Between 10,000 and 50,000	-	-	-	-	-	1	-	1	
Up to 10,000	8	1	1	1	-	5	-	16	
Total 2019-20	29	1	9	5	1	14	1	60	
Compared to 2018–19	31	1	9	5	1	14	1	62	
Compared to 2017–18	33	1	9	5	1	14	1	64	
Compared to 2016–17	36	1	10	5	1	13	1	67	
Compared to 2015–16	40	1	11	5	1	14	1	73	

³ Prior to 2018–19 Category A was included in Category B

Table 4: Number of branches (including head office) by size of Code subscriber

	<i>ACT</i>	<i>NSW</i>	<i>NT</i>	<i>Qld</i>	<i>SA</i>	<i>Tas</i>	<i>Vic</i>	<i>WA</i>	<i>Total</i>	<i>In %</i>	<i>Compared to 2018–19</i>
Category A	17	166	8	135	43	-	44	31	444	64%	385
Category B	-	74	1	4	9	-	8	2	98	14%	117
Category C	-	31	-	6	-	8	10	-	55	8%	70
Category D	-	29	-	14	1	-	13	1	58	8%	75
Category E	-	18	14	1	1	-	9	-	43	6%	52
Total	17	318	23	160	54	8	84	34	698		699
<i>In %</i>	2%	45%	3%	23%	8%	1%	13%	5%			
<i>Compared to 2018–19</i>	18	296	15	181	55	6	39	35	699		

Appendix C: Investigations

The Charter⁴ and the Code empower the Committee to investigate allegations that a Customer Owned Banking Code subscriber has breached the Code. The Committee is able to investigate instances of alleged non-compliance, and to identify and monitor emerging industry issues.

While the Committee cannot consider claims for compensation and loss, it can initiate Code investigations without needing a breach allegation to act as a trigger. These investigations are mainly used to identify and assess:

- whether a breach has occurred and its extent
- the broader and potential impacts of a breach
- the effect of non-compliance on the customer owned banking Code subscriber and its customers
- the root cause of the breach and whether it may be systemic or significant, and
- any remedial action proposed or taken by the customer owned banking Code subscriber.

While every investigation is unique, each aims to achieve compliance with the Code.

During an alleged Code breach investigation, the Committee expects Code subscribers to:

- positively engage with the Committee, and
- thoroughly review the incident to assess if it constitutes a breach of the Code.

Following a confirmed and/or determined Code breach, the Committee expects Code subscribers to:

- report the breach in their breach register
- report the breach to executive management
- identify all customers potentially affected by the events
- assess if the breach is systemic and/or significant
- take remedial action to address the cause of non-compliance
- review and enhance processes and procedures, and
- train staff and authorised representatives accordingly.

Investigations undertaken in 2019–20

In 2019–20 the Committee investigated seven new matters and two outstanding matters received in the previous period concerning alleged breaches of the Code. Four matters remained open as at 30 June 2020.

Table 5 provides information about the nine matters investigated during the 2019–20 period.

⁴ The Charter governs the relationship between the Committee and the COBA Board. Together with the Code, it sets out the terms under which the Committee operates, for the purpose of exercising its powers, functions and duties.

Table 5: Details of Investigations

Details as at 30 June 2020	Number of Investigations
Total Investigations	9
Open investigation matters as at 30 June 2019	2
New investigation matters received during 2019-20	7
Status of Investigations as at 30 June 2020	
Closed as at 30 June 2020	5
Open as at 30 June 2020	4
Status of open Investigations as at 30 June 2020	
In decision status	4 ⁵
Age status of open Investigations as at 30 June 2020	
Under 30 days since registration	1
30 to 60 days since registration	1
60 to 90 days since registration	2
Source of Investigations	
Direct contact by customer	5
Referral from consumer advocate body	1
Referral from AFCA systemic issue team	2
Own motion investigation based on ASIC media release	1
Provisions of the Code investigated⁶	
Key Promise 1 'Be fair and ethical'	2
Key Promise 3 'Clear information about product and services'	1
Key Promise 4 'We will be responsible lenders'	3
Key Promise 5 'Deliver high customer service'	2
Key Promise 6 'Deal fairly with any complaints'	1
Key Promise 7 'Recognise our customers' rights as owners'	1
Section D1 'Advertising'	1
Section D2 'Product information'	1
Section D4 'Fair terms and conditions'	2

⁵ Matters have since been closed in August 2020 with the following outcome:

- Two matters identified no breach.
- One matter closed with discretion not to investigate pursuant to clause 8.1.1 (f) of the Charter (*matter is based on the same events and facts as a previous matter by the complainant to the Committee, and there was no new information*).
- One matter closed with discretion not to investigate pursuant to clause 8.1.1 (d) of the Charter (*matter is already being considered by another forum and that forum is more appropriate to consider the matter*).

⁶ Some investigations included more than one provision of the Code.

Details as at 30 June 2020	Number of Investigations
Section D23 'Information privacy and security'	1
Section D24 'If you are in financial difficulties'	1
Types of products, services and/or issues involved in Investigations (where identified)	
Deposit taking	1
Mortgage	3
Personal Loan	2
Privacy issue (no specific product identified)	1
Customer service (no specific product identified)	1
Professionalism (no specific product identified)	1
Outcome of the closed Investigations	
No breach identified (determination issued by the Committee)	1
No breach identified, but noted for future monitoring	1
Committee used discretion not to investigate as per clause 8.1.1 (b) (i) of the Charter (<i>matter is already being considered by another Forum and Committee adopted determination</i>)	2
Committee used discretion not to investigate as per clause 8.1.1 (g) (ii) of the Charter (<i>institution involved is not a Code subscriber at the time of the event</i>)	1

Collection of information for Annual Report as per clause 13.1 of the Charter

As per clause 13.1 of the Charter, the Committee must, for each period for which it must prepare an Annual Report, collect and record the following information in relation to its operations for inclusion in the Annual Report for the period 2019–20:

a) The number of enquiries it has dealt with:

The Committee received two enquiries.

(b) The number of complaints within its jurisdiction it has received and resolved:

The Committee resolved five alleged breaches of the Code, including three new matters received in the 2019–20 period, resulting in the identification of nil Code breaches. See **Table 5** for details.

(c) The number of complaints within its jurisdiction it has received but that remain unresolved, together with details of their age and status:

Four matters remained open as at 30 June 2020. See **Table 5** for details.

(d) The number of referrals of complaints it has made to an EDR Scheme or another Forum:

The Committee has made no referrals of complaints to an EDR Scheme or other Forums.

(e) The number of Inquiries it has commenced and/or completed during the period, and details of the age and status of uncompleted Inquiries:

The Committee completed two Inquiries:

- Own Motion Inquiry ‘Sale of consumer credit insurance by customer owned banking Code subscribers’,⁷ published in September 2019.
- Follow-up inquiry ‘Compliance with privacy obligations follow-up inquiry outcomes’,⁸ published in June 2020.

The Committee commenced one Inquiry:

- Follow-up inquiry on recommendations issued by the Committee as part of its Own Motion Inquiry report concerning sale of consumer credit insurance by customer owned banking Code subscribers (see above). Questionnaire was issued to all Code subscribers as part of their Annual Compliance Statement in mid-June 2020.
- Responses received via the questionnaire will be followed up with telephone conferences and findings will be published during the 2020-21 period.

(f) Information on the time taken to determine complaints and conduct Inquiries:

Once the Committee has received all information to form a view on an alleged Code breach allegation, a decision is usually made within 30 days to what determination the Committee intends to make.

A Notice of Proposed Determination is sent to the Code Subscriber and the person making the breach allegation and seeking their comments within 28 calendar days.

Subject to the review of any further comments received, a final determination is issued.

(g) A profile of current and resolved complaints which identifies the relevant:

- (i) provisions of the Code;**
- (ii) types of products or services;**
- (iii) underlying cause of the complaints; and**
- (iv) compliance measures implemented by Code subscribers.**

Details of self-reported breach and complaints data are identified in this Report in:

- [Appendix D: Data trends](#)
- [Appendix E: Comparative data of self-reported Code breaches](#)
- [Appendix F: Self-recorded Code breach data by Code subscriber size](#)
- [Appendix G: Root causes and impact of self-reported Code breaches](#)
- [Appendix I: Comparative data of self-reported complaints](#)
- [Appendix J: Self-reported complaints data by size of Code subscriber](#)
- [Appendix K: Relationship self-reported Code breaches to complaints](#)

Details of Investigations undertaken by the Committee are reported in **Table 5**.

⁷ See <http://www.cobccc.org.au/uploads/2019/09/COBCCC-OMI-Sale-of-CCI-Sep2019.pdf>

⁸ See <http://www.cobccc.org.au/uploads/2020/06/COBCCC-OMI-Privacy-June-2020.pdf>

(h) A profile of current and completed Inquiries which identifies the relevant:

- (i) provisions of the Code;**
- (ii) types of products or services;**
- (iii) underlying cause of the complaints; and**
- (iv) compliance measures implemented by Code subscribers.**

The profile of the completed Inquiries concerning sale of consumer credit insurance and compliance with privacy obligations can be found in the publication of the respective reports (see item (e) above).

(i) The impact that any identified lack of compliance with the Code provisions may have or is having on customers (including the relative importance of any Code provision that has or may have been breached):

The consumer impact concerning any findings from the completed Inquiries are identified in the publication of the respective reports (see item (e) above).

The consumer impact arising from self-reported breaches by Code subscribers is reported in [Appendix G Table 19](#).

(j) Compliance initiatives undertaken by Code subscribers.

Compliance initiatives undertaken by Code subscribers are reported in [Appendix L Table 27](#).

Appendix D: Data trends

Chart 1: Trends and relationships in data

Self-reported by all Code subscribers over the past decade

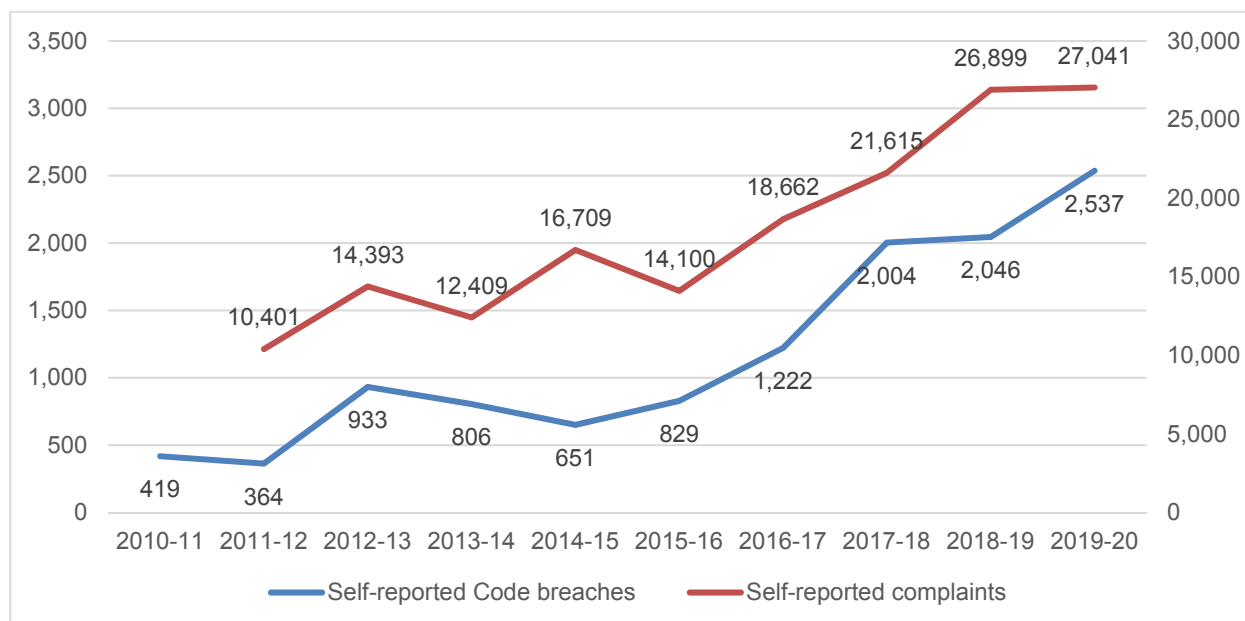


Table 6: Top five categories of Code breaches self-reported since 2015

2015-16	2016-17	2017-18	2018-19	2019-20
D23 Information privacy and security - 30%	D23 Information privacy and security - 24%	KP5 We deliver high customer service and standards - 42%	KP5 We deliver high customer service and standards - 30%	D23 Information privacy and security - 31%
KP5 We deliver high customer service and standards - 20%	D6 Responsible lending practices - 12%	D23 Information privacy and security - 22%	D23 Information privacy and security - 26%	KP5 We deliver high customer service and standards - 30%
KP8 We will comply with our legal and industry obligations - 16%	KP8 We will comply with our legal and industry obligations - 11%	KP8 We will comply with our legal and industry obligations - 17%	KP8 We will comply with our legal and industry obligations - 15%	KP8 We will comply with our legal and industry obligations - 12%
D3 Information on interest rates, fees and charges - 7%	KP7 We will recognise our customers' rights as owners - 11%	D6 Responsible lending practices - 5%	D6 Responsible lending practices - 6%	D3 Information on interest rates, fees and charges - 5%
KP3 We will give you clear information about our products and services - 3%	D2 Information about our products - 7%	KP3 We will give you clear information about our products and services - 3%	D2 Information about our products - 5%	D2 Information about our products - 4%

Table 7: Industry summary (all Code subscribers)

	2015–16	2016–17	2017–18	2018–19	2019–20
<i>Number of Code subscribers</i>	73	67	64	62	60
<i>Number of branches (including head office)</i>	<i>n/a</i>	<i>n/a</i>	742	699	698
Total of self-reported Code breaches	829	1,222	2,004	2,046	2,537
Mean of self-reported Code breaches	11.4	18.2	31.3	33.0	42.3
% of Code subscribers self-reporting Code breaches	67%	76%	72%	85%	73%
Total of self-reported complaints	14,100	18,662	21,615	26,899	27,041
Mean of self-reported complaints	193.2	278.5	337.7	433.9	450.7
% of Code subscribers self-reporting complaints	89%	90%	89%	89%	95%

Table 8: Sector summary (Category A)⁹

	2015–16	2016–17	2017–18	2018–19	2019–20
	<i>Cat A&B</i>	<i>Cat A&B</i>	<i>Cat A&B</i>	<i>Cat A</i>	<i>Cat A</i>
<i>Number of Code subscribers</i>	16	17	21	12	15
<i>Number of branches (including head office)</i>	<i>n/a</i>	<i>n/a</i>	504	385	444
Total of self-reported Code breaches	456	902	1,751	1,470	1,975
Mean of self-reported Code breaches	28.5	53.1	83.4	122.5	131.7
% of Code subscribers self-reporting Code breaches	94%	94%	95%	100%	93%
Total of self-reported complaints	11,215	16,587	19,829	21,131	23,445
Mean of self-reported complaints	700.9	975.7	944.2	1,760.9	1,563.0
% of Code subscribers self-reporting complaints	100%	100%	95%	92%	100%

⁹ In 2018–19 the top category of Code subscribers was split into two categories (Code subscribers with \$1b to \$2b in assets and Code subscribers with over \$2b in assets). Prior to 2018–19 this was reflected as one category – Code subscribers with over \$1b in assets.

Table 9: Sector summary (Category B)¹⁰

	2015–16	2016–17	2017–18	2018–19	2019–20
	Cat A&B	Cat A&B	Cat A&B	Cat B	Cat B
<i>Number of Code subscribers</i>	16	17	21	9	9
<i>Number of branches (including head office)</i>	n/a	n/a	504	117	98
Total of self-reported Code breaches	456	902	1,751	84	123
Mean of self-reported Code breaches	28.5	53.1	83.4	9.3	13.7
% of Code subscribers self-reporting Code breaches	94%	94%	95%	100%	100%
Total of self-reported complaints	11,215	16,587	19,829	2,553	1,318
Mean of self-reported complaints	700.9	975.7	944.2	283.7	146.4
% of Code subscribers self-reporting complaints	100%	100%	95%	89%	100%

Table 10: Sector summary (Category C)

	2015–16	2016–17	2017–18	2018–19	2019–20
<i>Number of Code subscribers</i>	15	14	10	11	8
<i>Number of branches (including head office)</i>	n/a	n/a	78	70	55
Total of self-reported Code breaches	211	176	136	230	290
Mean of self-reported Code breaches	14.1	12.6	13.6	20.9	36.3
% of Code subscribers self-reporting Code breaches	80%	93%	90%	100%	87%
Total of self-reported complaints	1,815	1,427	1,055	1,486	1,124
Mean of self-reported complaints	121.0	101.9	105.5	135.1	140.5
% of Code subscribers self-reporting complaints	100%	100%	90%	91%	100%

¹⁰ See reference 11 on previous page

Table 11: Sector summary (Category D)

	2015–16	2016–17	2017–18	2018–19	2019–20
<i>Number of Code subscribers</i>	16	11	12	11	11
<i>Number of branches (including head office)</i>	n/a	n/a	103	75	58
Total of self-reported Code breaches	49	48	22	161	21
Mean of self-reported Code breaches	3.1	4.4	1.8	14.6	1.9
% of Code subscribers self-reporting Code breaches	75%	82%	50%	82%	36%
Total of self-reported complaints	747	325	374	1,390	810
Mean of self-reported complaints	46.7	29.5	31.2	126.4	73.6
% of Code subscribers self-reporting complaints	94%	100%	100%	100%	100%

Table 12: Sector summary (Category E)

	2015–16	2016–17	2017–18	2018–19	2019–20
<i>Number of Code subscribers</i>	26	25	21	19	17
<i>Number of branches (including head office)</i>	n/a	n/a	57	52	43
Total of self-reported Code breaches	102	90	95	101	128
Mean of self-reported Code breaches	3.9	3.6	4.5	5.3	7.5
% of Code subscribers self-reporting Code breaches	38%	52%	52%	63%	39%
Total of self-reported complaints	324	323	357	339	344
Mean of self-reported complaints	12.5	12.9	17.0	17.8	20.0
% of Code subscribers self-reporting complaints	73%	80%	81%	79%	82%

Appendix E: Comparative data of self-reported Code breaches

Table 13: Self-recorded breaches by Code category and section since 2014–15

	2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ¹¹	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
General commitments	361	55%	394	48%	539	44%	1,317	66%	1,155	56%	1,288	51%
Key commitments	319	49%	340	41%	428	35%	1,187	59%	972	48%	1,110	44%
KP1 Be fair and ethical	26	4%	3	<1%	4	<1%	4	<1%	42	2%	12	<1%
KP2 Focus on our customers	20	3%	27	3%	84	7%	9	<1%	8	<1%	36	1%
KP5 Deliver high customer service	162	25%	166	20%	70	6%	838 ¹²	42%	610 ¹³	30%	749 ¹⁴	30%
KP7 Recognise our customers' rights as owners	0	0%	3	<1%	129	11%	2	<1%	0	0%	3	<1%
KP8 Comply with legal and industry obligations	111	17%	132	16%	138	11%	334 ¹⁵	17%	311 ¹⁶	15%	307 ¹⁷	12%
KP9 Recognise impact on wider community	0	0%	9	1%	3	<1%	0	0%	1	<1%	3	<1%
Provision of general information	42	6%	54	7%	111	9%	130	6%	183	9%	178	7%
KP3 Clear information	0	0%	27	3%	24	2%	67	3%	34	2%	50	2%
D2 Product information	32	5%	23	3%	81	7%	38	2%	108 ¹⁸	5%	111 ¹⁹	4%

¹¹ For detailed information regarding number of Code subscribers self-reporting high number of breaches in specific Code breach categories see Appendix F Table 16.

¹² Over three quarters (86% or 718) of breaches concerning delivering high customer service were self-reported by one Code subscriber.

¹³ Nearly all (88% or 535) breaches concerning delivering high customer service were self-reported by one Code subscriber, with one Code subscriber self-reporting 60% or 364 breaches.

¹⁴ Nearly all (83% of 749) breaches concerning delivering high customer service were self-reported by three Cat A subscribers. Most of the remaining breaches (15% of 749) were self-reported by seven other Code subscribers.

¹⁵ Over half (55% or 185) of the breaches concerning legal obligations were self-reported by three Code subscribers, split as 77, 63 and 45 breaches.

¹⁶ Half (50% or 155) of the breaches concerning legal obligations were self-reported by three Code subscribers, split as 64, 46 and 45 breaches.

¹⁷ Over half (57% of 307) of the breaches concerning legal obligations were self-reported by two Cat A subscribers and one quarter (25% of 307) were self-reported by 4 other Code subscribers, including three Cat A and one Cat C subscriber.

¹⁸ Nearly three-quarters (78% or 84) of breaches concerning product information were self-reported by two Code subscribers.

¹⁹ Over half (56% of 111) of breaches concerning product information were self-reported by two Cat A subscribers.

	2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ¹¹	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
D19 Copies of documents	10	2%	4	<1%	6	<1%	25	1%	41	2%	17	<1%
Disclosure	59	9%	71	9%	80	7%	39	2%	102	5%	131	5%
Interest rates, fees and charges	57	9%	55	7%	61	5%	35	2%	75	4%	120	5%
D3 Interest rates, fees and charges	49	8%	54	7%	45	4%	32	2%	66 ²⁰	3%	114 ²¹	5%
D5 Reviewing fees and charges	8	1%	1	<1%	16	1%	3	<1%	9	<1%	6	<1%
T&C and changes to T&C	2	<1%	16	2%	19	2%	4	<1%	27	1%	11	<1%
D4 Fair terms and conditions	0	0%	11	1%	2	<1%	0	0%	25	1%	1	<1%
D17 Notifying changes to your account	2	<1%	5	1%	17	1%	4	<1%	2	<1%	10	<1%
Provision of customer owned banking service	34	5%	42	5%	55	5%	34	2%	66	3%	126	5%
D13 Third party products	4	1%	9	1%	14	1%	4	<1%	5	<1%	10	<1%
D16 Statement of accounts	22	3%	23	3%	27	2%	11	1%	15	1%	89 ²²	4%
D20 Direct debit arrangements	4	1%	3	<1%	7	1%	13	1%	36	2%	16	<1%
D21 Chargebacks	0	0%	4	<1%	2	<1%	5	<1%	4	<1%	0	0%
D21.3 Recurring payment arrangements	3	<1%	2	<1%	0	0%	0	0%	2	<1%	5	<1%
D22 Closure of accounts	1	<1%	1	<1%	5	<1%	1	<1%	4	<1%	6	<1%
D26.5 Centrelink requirements	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
Provision of credit	20	3%	36	4%	169	14	136	7%	151	7%	133	5%
Credit assessment, responsible lending and financial difficulty	18	3%	32	4%	152	12%	114	6%	125	6%	124	5%
KP4 We will be responsible lenders	2	<1%	8	1%	7	1%	8	<1%	0	0%	7	<1%

²⁰ One-third (32% or 21) of breaches concerning interest rates, fees and charges were self-reported by one Code subscriber.

²¹ One-third (35% of 114) of breaches concerning interest rates, fees and charges were self-reported by two Cat A subscribers.

²² Nearly three-quarter (72% of 89) of breaches concerning statement of accounts were self-reported by one Cat E subscriber.

	2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ¹¹	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
D6 Responsible lending practices	15	2%	20	2%	143	12%	106 ²³	5%	121 ²⁴	6%	105 ²⁵	4%
D7 Credit limit increase offers	0	0%	1	<1%	0	0%	0	0%	0	0%	0	0%
D24 If you are in financial difficulties	1	<1%	3	<1%	2	<1%	0	0%	4	<1%	12	<1%
Joint debtors, accounts & sub. cards	0	0%	1	<1%	11	1%	20	1%	12	1%	8	<1%
D9 Joint accounts	0	0%	0	0%	9	1%	16	1%	12	1%	5	<1%
D10 Subsidiary cards	0	0%	0	0%	2	<1%	0	0%	0	0%	0	0%
D11 Safeguards for co-borrowers	0	0%	1	<1%	0	0%	4	<1%	0	%	3	<1%
Other provision of credit obligations	2	<1%	3	<1%	6	<1%	2	<1%	14	1%	1	<1%
D8 Reverse mortgage loans	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
D12 Safeguard for loan guarantors	1	<1%	2	<1%	2	<1%	1	<1%	0	0%	1	<1%
D26 Debt collection and legal action	1	<1%	1	<1%	4	<1%	1	<1%	14	1%	0	0%
Other Code obligations (such as Training, Privacy, IDR)	177	27%	286	34%	379	31%	478	24%	572	28%	859	34%
Privacy and confidentiality	131	20%	249	30%	294	24%	435	22%	525	26%	783	31%
D23 Information privacy and security	131	20%	249	30%	294	24%	435 ²⁶	22%	525 ²⁷	26%	783 ²⁸	31%
Advertising	13	2%	19	2%	21	2%	20	1%	13	1%	43	2%
D1 Advertising	13	2%	19	2%	21	2%	20	1%	13	1%	43 ²⁹	2%
Communication	27	4%	7	1%	18	1%	13	1%	14	1%	13	<1%

²³ Over two thirds (78% or 83) of breaches concerning responsible lending practices were self-reported by two Code subscribers with 52 and 31 breaches respectively.

²⁴ Over two thirds (67% or 93) of breaches concerning responsible lending practices were self-reported by three Code subscribers with 49, 32 and 12 breaches respectively.

²⁵ Over two thirds (69% of 105) of breaches concerning responsible lending practices were self-reported 4 Code subscribers, including one Cat A subscriber representing one third (33% of 105).

²⁶ Just under two-thirds (63% or 274) of breaches concerning privacy obligations were self-reported by five Code subscribers with over 40 breaches each.

²⁷ Over two-thirds (69% or 360) of breaches concerning privacy obligations were self-reported by seven Code subscribers, including two Code subscribers with over 70 breaches each.

²⁸ Over half (57% of 783) of breaches concerning privacy obligations were self-reported by one Cat A subscriber. Every second Code subscriber self-reported breaches concerning privacy obligations, including two Code subscribers with over 100 breaches each.

²⁹ Nearly half (42% of 43) of breaches concerning advertising were self-reported by one Cat A subscriber.

	2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ¹¹	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
D15 Timely, clear and effective	21	3%	4	<1%	15	1%	11	1%	11	1%	11	<1%
D18 Electronically	6	1%	3	<1%	3	<1%	2	<1%	3	<1%	1	<1%
D25 Working with your representative	0	0%	0	0%	0	0%	0	0%	0	0%	1	<1%
Training	3	<1%	4	<1%	5	<1%	6	<1%	4	<1%	3	<1%
D14 Use of finance brokers	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
E2 Training our staff	3	<1%	4	<1%	5	<1%	6	<1%	4	<1%	3	<1%
Dispute Resolution	3	<1%	6	1%	41	3%	4	<1%	16	1%	14	<1%
KP6 Deal fairly with any complaints	0	0%	0	0%	0	0%	0	0%	1	<1%	1	<1%
D27 Prompt, fair resolution of complaints	0	0%	5	1%	39	3%	2	<1% %	3	<1%	3	<1%
D28 Our complaints handling process	2	<1%	1	<1%	1	<1%	1	<1%	12	1%	10	<1%
D29 External Dispute Resolution	1	<1%	0	0%	1	<1%	0	0%	0	0%	0	0%
D30 Complaints about Code breaches	0	0%	0	0%	0	0%	1	<1%	0	0%	0	0%
Promotion of the Code	0	0%	1	<1%	0	0%	0	0%	0	0%	3	<1%
B Commitment to comply with Code	0	0%	0	0%	0	0%	0	0%	0	0%	0	0%
KP10 Support and promote Code	0	0%	1	<1%	0	0%	0	0%	0	0%	1	<1%
E1 Publicising the Code	0	0%	0	0%	0	0%	0	0%	0	0%	2	<1%
Grand Total	651		829		1,222		2,004		2,046		2,537	

Chart 2: Self-reported Code breaches by general categories since 2014–15

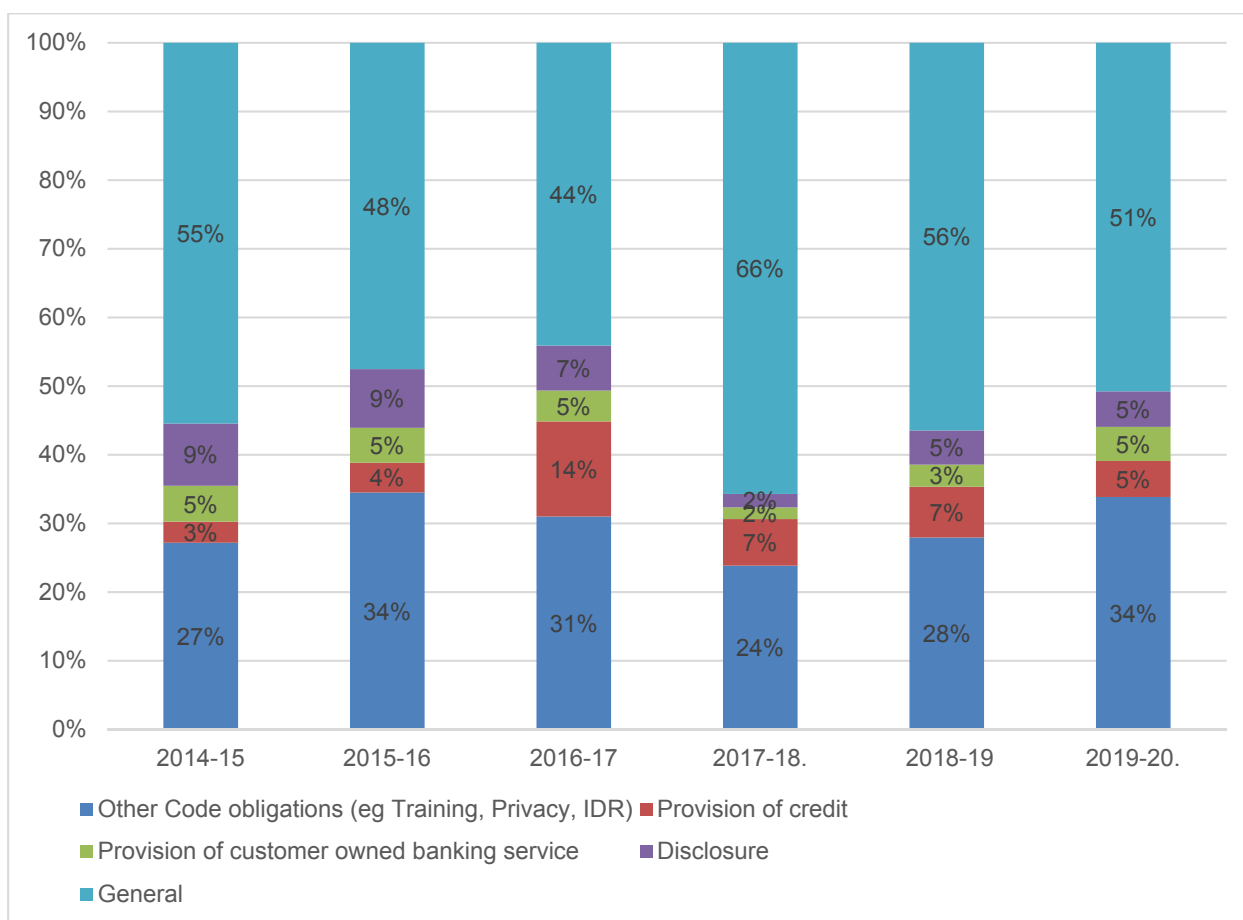


Table 14: Number of Code subscribers self-reporting Code breaches since 2014–15

Number of self-reported Code breaches	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Nil breaches	31	24	16	18	9	16
Between 1 to 10 breaches	33	27	29	25	29	20
Between 11 to 20 breaches	5	8	6	5	8	2
Between 21 to 50 breaches	9	9	11	9	5	6
Between 51 to 100 breaches	2	5	3	2	4	10
Between 101 to 200 breaches	0	0	2	4	5	4
Between 201 to 500 breaches	0	0	0	0	1	1 ³⁰
Over 500 breaches	0	0	0	1 ³¹	1 ³²	1 ³³

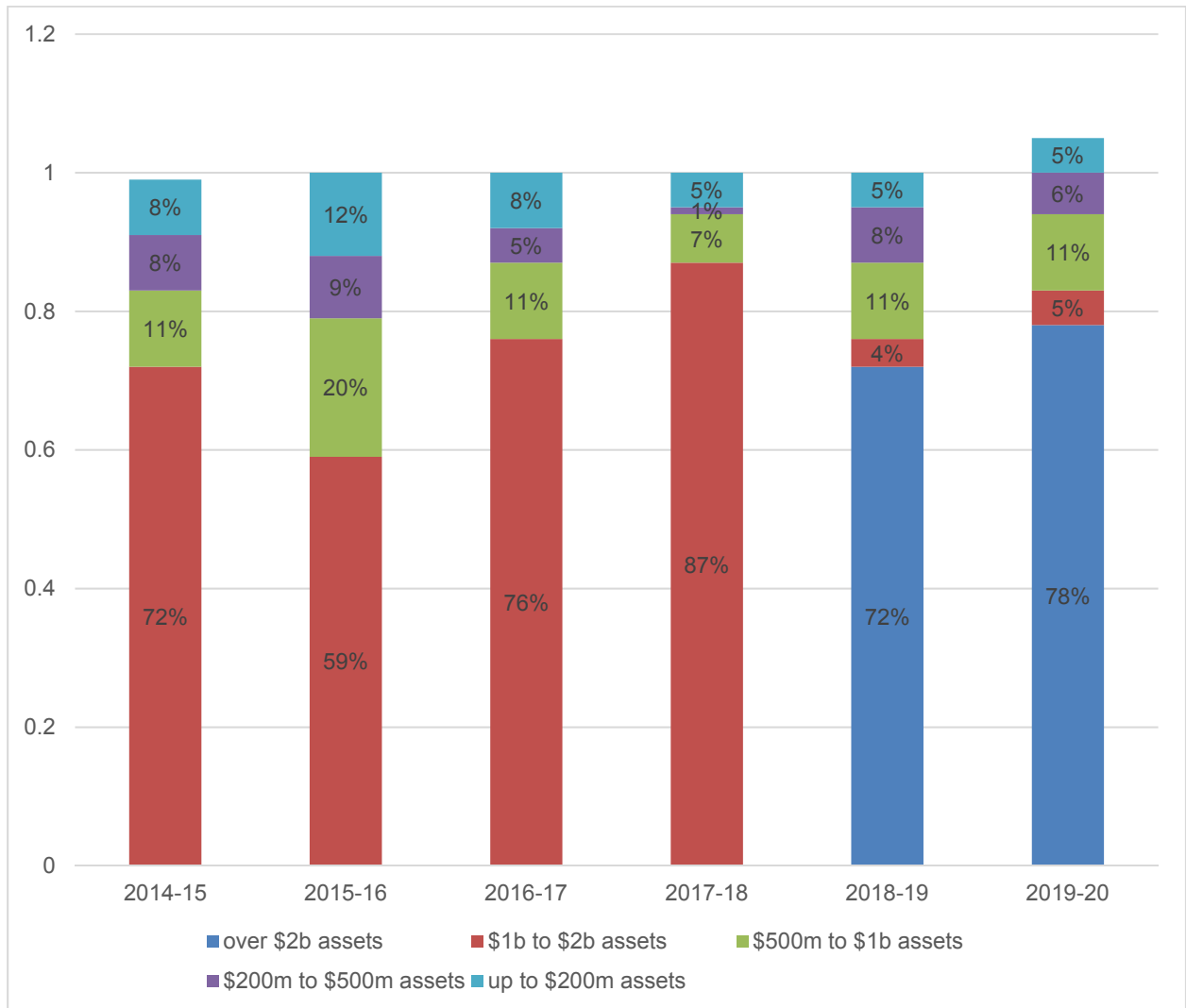
³⁰ One Code subscriber self-reported 352 Code breaches.

³¹ One Code subscriber self-reported 906 Code breaches.

³² One Code subscriber self-reported 549 Code breaches.

³³ One Code subscriber self-reported 636 Code breaches.

Chart 3: Self-reported Code breaches by size of Code subscriber since 2014–15



Appendix F: Self-recorded Code breach data by Code subscriber size

Table 15: Self-reported Code breach categories by size of Code subscriber in 2019–20

Service Standards	Cat A	Cat B	Cat C	Cat D	Cat E	Total
Grand Total	1,975	123	290	21	128	2,537
General commitments	1,110	45	88	4	41	1,288
Key commitments	959	30	78	3	40	1,110
KP1 Be fair and ethical	10	1	0	0	1	12
KP2 Focus on our customers	13	13	0	1	9	36
KP5 Deliver high customer service	669	7	47	0	26	749
KP7 Recognise our customers' rights	3	0	0	0	0	3
KP8 Comply with legal & industry oblig.	261	9	31	2	4	307
KP9 Recognise impact on community	3	0	0	0	0	3
Provision of general information	151	15	10	1	1	178
KP3 Clear information	49	0	0	0	1	50
D2 product information	92	14	4	1	0	111
D19 copies of documents	10	1	6	0	0	17
Disclosure	73	28	22	3	5	131
Interest rates, fees and charges	67	26	20	3	4	120
D3 Interest rates, fees and charges	64	24	19	3	4	114
D5 Reviewing fees and charges	3	2	1	0	0	6
T&C and changes to T&C	6	2	2	0	1	11
D4 Fair terms and conditions	0	0	0	0	1	1
D17 Notifying changes to your account	6	2	2	0	0	10
Provision of customer owned banking service	39	10	6	2	69	126
D13 Third party products	4	2	2	0	2	10
D16 Statement of accounts	14	5	3	2	65	89
D20 Direct debit arrangements	14	0	1	0	1	16
D21 Chargebacks	0	0	0	0	0	0
D21.3 Recurring payment arrangements	5	0	0	0	0	5
D22 Closure of accounts	2	3	0	0	1	6
D26.5 Centrelink requirements	0	0	0	0	0	0
Provision of credit	101	5	21	1	5	133
Credit assessment, responsible lending and financial difficulty	93	4	21	1	5	124
KP4 We will be responsible lenders	5	2	0	0	0	7
D6 Responsible lending practices	78	2	21	0	4	105
D7 Credit limit increase offers	0	0	0	0	0	0
D24 If you are in financial difficulties	10	0	0	1	1	12
Joint debtors, accounts & sub. cards	7	1	0	0	0	8

Service Standards	Cat A	Cat B	Cat C	Cat D	Cat E	Total
D9 Joint accounts	4	1	0	0	0	5
D10 Subsidiary cards	0	0	0	0	0	0
D11 Safeguards for co-borrowers	3	0	0	0	0	3
Other provision of credit obligations	1	0	0	0	0	1
D8 Reverse mortgage loans	0	0	0	0	0	0
D12 Safeguard for loan guarantors	1	0	0	0	0	1
D26 Debt collection and legal action	0	0	0	0	0	0
Other Code obligations (such as Training, Privacy, IDR)	652	35	153	11	8	859
Privacy and confidentiality	598	29	139	9	8	783
D23 Information privacy and security	598	29	139	9	8	783
Advertising	30	3	10	0	0	43
D1 Advertising	30	3	10	0	0	43
Communication	9	0	3	1	0	13
D15 Timely, clear and effective	8	0	2	1	0	11
D18 Electronically	0	0	1	0	0	1
D25 Working with your representative	1	0	0	0	0	1
Training	2	1	0	0	0	3
D14 Use of finance brokers	0	0	0	0	0	0
E2 Training our staff	2	1	0	0	0	3
Dispute Resolution	11	2	1	0	0	14
KP6 Deal fairly with any complaints	1	0	0	0	0	1
D27 Prompt, fair resolution of complaints	1	1	1	0	0	3
D28 Our complaints handling process	9	1	0	0	0	10
D29 External Dispute Resolution	0	0	0	0	0	0
D30 Complaints about Code breaches	0	0	0	0	0	0
Promotion of the Code	2	0	0	1	0	3
B Commitment to comply with Code	0	0	0	0	0	0
KP10 Support and promote Code	1	0	0	0	0	1
E1 Publicising the Code	1	0	0	1	0	2

Table 16: Analysis of high volumes of self-reported Code breaches in 2019–20

Service Standards	Number of Code subscribers self-reporting breaches of this Service St.	Number of Code subscribers who self-reported high number of breaches
KP5 Deliver high customer service	15 25% of total Code subscribers	<ul style="list-style-type: none"> 3 Cat A subscribers self-reported 83% (including 51% by one Cat A subscriber) and 7 Code subscribers self-reported 15% of total breaches of KP5.
KP8 Comply with legal &	20 33% of total Code subscribers	<ul style="list-style-type: none"> 2 Cat A subscribers self-reported 57% and 4 Code subscribers (3 Cat A and 1 Cat C) self-reported 25% of total breaches of KP8.

<i>Service Standards</i>	<i>Number of Code subscribers self-reporting breaches of this Service St.</i>	<i>Number of Code subscribers who self-reported high number of breaches</i>
industry obligations		
D2 product information	18 30% of total Code subscribers	<ul style="list-style-type: none"> 1 Cat A subscriber self-reported 41% 1 Cat A subscriber self-reported 15% of total breaches of D2.
D3 Interest rates, fees and charges	25 42% of total Code subscribers	<ul style="list-style-type: none"> 2 Cat A subscribers self-reported 35% of total breaches of D3.
D16 Statement of accounts	13 22% of total Code subscribers	<ul style="list-style-type: none"> 1 Cat E subscriber self-reported 72% of total breaches of D16.
D6 Responsible lending practices	16 27% of total Code subscribers	<ul style="list-style-type: none"> 1 Cat A subscriber self-reported 33% and 3 Code subscribers self-reported 36% of total breaches of D6.
D23 Information privacy and security	33 55% of total Code subscribers	<ul style="list-style-type: none"> 1 Cat A subscribers self-reported 57% of total breaches of D23. 2 Code subscribers self-reported over 100 breaches each. 3 Code subscribers self-reported over 50 breaches each. 8 Code subscribers self-reported over 10 breaches each.
D1 Advertising	13 22% of total Code subscribers	<ul style="list-style-type: none"> 1 Cat A subscriber self-reported 42% of total breaches of D1.

Table 17: Number of self-reported Code breaches by size of Code subscriber in 2019–20

<i>Number of self-reported Code breaches</i>	<i>Cat A</i>	<i>Cat B</i>	<i>Cat C</i>	<i>Cat D</i>	<i>Cat E</i>	<i>Total</i>
Nil	1	0	1	7	7	16
1 to 10	2	4	2	4	8	20
11 to 20	0	2	0	0	0	2
21 to 50	1	3	1	0	1	6
51 to 100	5	0	4	0	1	10
101 to 200	4	0	0	0	0	4
201 to 500	1	0	0	0	0	1
Over 500	1	0	0	0	0	1

Appendix G: Root causes and impact of self-reported Code breaches

Table 18: Root causes of self-reported breaches by Code section in 2019-20

Note: numbers reflect incidents which in some cases would represent more than one breach. Not all Code subscribers provided conclusive information for each category.

	incorrect process & procedure	Process & procedure not followed	system error or failure	manual/staff error	insufficient training	staffing/resource issues	staff misconduct	mail house error	external factor	other
B Commitment to comply with Code		1								
KP1 We will be fair and ethical in our dealings with you		5					3			
KP2 We will focus on our members	1	8	2	3					1	1
KP3 We will give you clear information about our products and services		10	9	18	1				1	5
KP4 We will be responsible lenders		3		4						
KP5 We will deliver high customer service and standards	5	82	63	479	1	9	2	1	6	19
KP6 We will deal fairly with any complaints				1						
KP7 We will recognise our customers' rights as owners	1	2								
KP8 We will comply with our legal and industry obligations	7	44	13	68	4	3	1			16
KP9 We will recognise our impact on the wider community		1	1						2	
KP10 We will support and promote the Customer Owned Banking Code of Practice										1
D1 Advertising	5	9		6	1				1	2
D2 Information about our products	7	21	5	12	3	1				6
D3 Information on interest rates, fees and charges	5	21	16	40	2		2		1	11
D4 Fair terms and conditions		1								
D5 Reviewing fees and charges	2		3	1						5
D6 Responsible lending practices	1	28	4	4						2
D9 Joint accounts		3		2						

	incorrect process & procedure	Process & procedure not followed	system error or failure	manual/staff error	insufficient training	staffing/resource issues	staff misconduct	mail house error	external factor	other
D11 Safeguards for co-borrowers		3								
D12 Safeguard for loan guarantors	1									
D13 Third party products		1	3						2	3
D15 Timely, clear and effective communication			2		2					
D16 Account statements and balances	1	3	5	3	1			1	1	1
D17 Notifying changes to your account	1	2	1	3	1					
D18 Provision of statements and notices electronically	1									1
D19 Copies of documents, statements and other information	1	4	1	3						1
D20 Direct debit arrangements		4		1						
D21 Chargeback				5						
D21.3 Cancelling recurring payment arrangements		1								
D22 Closing your account	2	2	1	1						2
D23 Information privacy and security	6	66	15	183	2	1	1	3	9	18
D24 If you are in financial difficulties		2	2	2		1				1
D25 Working with your representative				1						
D26 Debt collection and legal action										1
D27 Prompt, fair resolution of complaints	1						1			1
D28 Our complaints handling process		5		2		1			1	
E1 Publicising the Code				1						1
E2 Training our staff				1			1			1
Grand Total	48	332	146	844	18	16	11	5	25	99

Table 19: Impact of self-reported breaches by Code section in 2018–19

Note: numbers are indicative as not all Code subscribers provided conclusive information for each category.

	<i>Number of customer(s) impacted</i>	<i>Financial impact</i>
B Commitment to comply with Code	1	\$0
KP1 We will be fair and ethical in our dealings with you	574	\$11,794
KP2 We will focus on our members	87	\$50,845
KP3 We will give you clear information about products/ services	58,921	\$95
KP4 We will be responsible lenders	6	\$41
KP5 We will deliver high customer service and standards	267,167	\$177,844
KP7 We will recognise our customers' rights as owners	39,237	\$0
KP8 We will comply with our legal and industry obligations	27,151	\$50,718
KP9 We will recognise our impact on the wider community	6	\$0
D1 Advertising	9,340	\$67
D2 Information about our products	1,904	\$5,463
D3 Information on interest rates, fees and charges	13,943	\$56,106
D4 Fair terms and conditions	1	\$0
D5 Reviewing fees and charges	33,881	\$43,505
D6 Responsible lending practices	383	\$71,556
D9 Joint accounts	4	\$0
D11 Safeguards for co-borrowers	3	\$0
D13 Third party products	93	\$0
D15 Timely, clear and effective communication	844	\$0
D16 Account statements and balances	55,832	\$1,803
D17 Notifying changes to your account	44,080	\$0
D18 Provision of statements and notices electronically	72	\$0
D19 Copies of documents, statements and other information	8	\$0
D20 Direct debit arrangements	14	\$48
D21 Chargeback	5	\$0
D21.3 Cancelling recurring payment arrangements	1	\$10
D22 Closing your account	287	\$0
D23 Information privacy and security	253,356	\$540
D24 If you are in financial difficulties	1,693	\$0
D25 Working with your representative	1	\$0
D26 Debt collection and legal action	1	\$0
D27 Prompt, fair resolution of complaints	3	\$0
D28 Our complaints handling process	9	\$0
E1 Publicising the Code	12,001	\$0
E2 Training our staff	1	\$0
Grand Total	820,910	\$470,435
Comparison to 2018–19³⁴	286,875	\$4,991,817

³⁴ This data was first collected in the 2018–19 period.

Appendix H: Examples of Code breaches

The following examples of Code breaches reflect de-identified matters self-reported by Code subscribers and what rectification actions were taken.

KP1 We will be fair and ethical in our dealings with you

- Over six months, 316 new online members were given savings accounts and debit cards without their consent. The breach was reported to ASIC. Investigations of the relevant business rules and processes were held by five departments.

KP2 We will focus on our members

- A customer's sister called and, posing as the customer, requested an EFT code. A call centre manager allowed a \$500 transaction to proceed without a thorough identification check. The customer complained and was reimbursed; the staff member was counselled.

KP3 We will give you clear information about our products and services

- An employee realised that a letter sent to 5,300 customers contained the wrong interest rate. A generic paragraph hadn't been reviewed. A correction letter was sent.
- A system-generated letter sent to customers with term deposits showed the incorrect interest because the system failed to factor in leap years. There was no financial impact, but frontline staff were alerted and advised on how to respond to customer queries.

KP5 We will deliver high customer service and standards

- A customer complaint revealed ambiguity in information about the notice period for early repayment of term deposits, affecting more than 500 members. The bank reviewed and clarified the wording in its Conditions of Use, informed its members of the changes and updated its website.
- A staff member deleting test data accidentally deleted real applications. The error was identified by a customer and the records were retrieved and followed up. The employee had failed to follow a process that allows staff to review records on a dashboard but not delete them, test or otherwise. Access levels were updated so staff are unable to delete records at all.
- A marketing campaign for home loan retention offered eligible members a month's free health insurance. An internal review revealed that 84 customers did not receive this. Fees were refunded, and a governance document created for on-going management of campaign benefits.

KP7 We will recognise our customers' rights and standards

- In a breach affecting more than 39,000 customers, an institution failed to provide accurate statements to deposit holders and to deposit holders who had been removed from an account. The procedure was reviewed and updated, and system control implemented. ASIC was notified.

KP8 We will comply with our legal and industry obligations

- An investigation into one complaint revealed that the core banking system had calculated interest incorrectly for 8,749 accounts. Further inquiry found a staff member had input wrong information which had been fixed soon after, but the system based its calculations on the erroneous entry. As system data was deleted after 30 days, the employee couldn't be identified, and rate change audit processes showed the last entry only. The institution's response included: testing system functionality; reviewing work instructions to ensure the interest rate change process is sufficiently documented; amending audit reports to include rate change history; and, educating team members about this error and the importance of calling errors out.
- An ASIC review identified four customers who had been incorrectly classified as 'pre-Future of Financial Advice (FOFA) reform' clients and not sent renewal notices; further investigation found 75 customers in this situation. A review is under way.
- A compliance review discovered outdated Product Disclosure Statements on the ASIC portal. The breach sub-committee was called to provide oversight, the Product Policy was updated to include PDS responsibilities and PDS In Use forms were submitted to ASIC, which was informed of the breach.

D1 Advertising

- An incorrect disclaimer was used in a newspaper. A review resulted in changes to process to avoid future occurrence.
- A CEO spotted an incorrect interest rate on the rate schedule and website. It was removed, and staff were notified. A review of the change process resulted in additional controls being implemented, and training for a new product analyst.

D2 Information about our products

- Grace period issues led to an incorrect rate of interest being applied to maturing term deposits held by 157 customers. A review led to training and the rewriting of the TD Learner Guide to cover all variations that occur when actioning term deposits.
- An outdated legal disclaimer appeared on a promotional flyer which may have misled customers. Detected by internal review, it affected 780 customers. All disclaimers were updated within a week and changes made to process.

D3 Information on interest rates, fees and charges

- An IT error duplicated a \$30 credit card fee for 397 customers. The fee was refunded and customers notified in a statement banner. A review traced the error to the system set-up. Charging parameters were altered to align long-term fees with those of other products.
- A home loan offer featured no application or settlement fees but an internal review found 19 accounts had been wrongly charged due to manual error. Around \$9,800 was refunded. Preventative actions included direct feedback to the lenders involved and their regional managers, and reminder communications to all lenders.
- A customer queried excessive fees after being transferred from a youth account to an adult one. The new account was deemed unsuitable for a student and the customer reimbursed \$515 and offered a flat-fee, unlimited transaction account.

D5 Reviewing fees and charges

- Ambiguity over fees for card payments led to more than 3,000 customers being incorrectly charged in 'tap and go' transactions. Terms & Conditions that stated contactless payments were free, but not EFTPOS ones, did not envisage merchants routing 'tap and go' payments through EFTPOS. Fees totaling \$26,953 were refunded and the T&Cs reviewed and updated.
- An internal product review identified a documentation fee being incorrectly charged on a business vehicle loan product – a system carry-over from it having been a standard fee. The fee was removed from the system and 29 customers refunded an amount totaling around \$6,300, plus interest and 5% in compensation.

D6 Responsible lending practices

- A complaint referred to AFCA found that although a guarantor had been assessed for serviceability, her age was not assessed, resulting in an ex-gratia payment of more than \$70,000.
- A hindsight review discovered that a joint debt had been excluded in a loan approval process – and if it had been included, even at 50%, serviceability would not have been met. No action can be taken as the loan was approved, but the loan has been flagged. The staff member has since resigned.
- An audit review found that income and employment verification was not completed correctly for eight customers, with staff relying on one employer letter and one pay slip. All lending staff have had refresher training to clarify income requirements and the importance of ensuring information is up to date.

D16 Account information

- Two customers who had cancelled old overdrafts stopped receiving statements. The system removes customers from a monthly statement cycle in such cases and staff had failed to take the additional steps required to alter the cycle. The system was amended so this occurs automatically, and staff were trained to ensure the statement cycle is correct when an overdraft is closed.
- A customer complained that she had received an overdrawn account letter with no statement attached. Staff were given training in overdrawn account procedures.

D17 Notifying change to your account

- Rate information in a newspaper notice proved incorrect because a system limitation wouldn't allow two rate changes in one month. A rate change had occurred on the 1st of the month, so one advertised for the 25th could not be actioned. A corrected notice was published. The error favoured the 41,000 customers affected. New rate change process has been implemented, including the decision to engage with technology services at an earlier stage.
- In a phone campaign aimed at switching customers over the age of 21 from youth to adult accounts, 865 were converted without the correct disclosures. The account conversion process has ceased, and reviews are expected following legal sign-off.

D19 Copies of documents, statements and other information

- A review about how change-of-address details are actioned over the phone highlighted that where there is a Service Nomination in place, address change notification is required in writing and must be authorised by all borrowers. However, there is no obvious flag that Service Nominations exist. Relevant processes are being reviewed, including guidance for staff and the design of forms, statements and templates. The current Service Nomination form will become a 'service consent' form.
- A staff member realised a previous employee had failed to scan and load loan paperwork. A freeze was placed on the membership until the member could provide the required ID and re-do an application form.

D20 – Direct debit arrangements

- A customer opened a savings account online and was not provided with the requisite disclosure documents. Training was provided to the consultant.
- A quality assurance check showed that a consultant had provided incorrect information to a customer regarding Direct Debits. The consultant was aware of procedure but forgot to follow it on this occasion.
- A customer request for a direct debit to be cancelled was completed but not forwarded to the relevant department. The customer received an apology and was reimbursed for the direct debit that occurred after the cancellation request.

D22 Closing your account

- Accounts closed as part of a phone campaign contravened the organisation's Product Disclosure Statement and Constitution, impacting 266 customers. Processes, now under review, were established without adequate consideration and assessment of legal obligations.
- An organisation did not ensure a customer's credit file report was accurate after a loan was paid out and closed. The file still listed the loan as open. The file was corrected, and the process will be reviewed and changed.

D23 Information privacy and security

- A bag was stolen from a mobile lender's company vehicle which contained a work laptop and a customer's personal information. The customer was advised and offered credit file monitoring. Retail staff were reminded of the process for collecting and handling personal data and company devices, and the importance of reporting privacy issues.
- A cyber-attack on a third-party-hosted system caused a data breach affecting around 120,000 customers. Data Breach response was enacted, including escalation to the Office of the Australian Information Commissioner (OAIC) and the Australian Prudential Regulation Authority (APRA). The system environment was upgraded to isolate from further attacks.
- Details of a customer's secret address were sent to her ex-husband via a transaction listing on a closed joint account and combined home loan statement. Joint accounts are issued on one statement showing the address of the person recorded as lead account holder. The customer was offered financial and other support. A working group looked at immediate remedial actions, temporary system measures and

addressing the systemic nature of this issue in future. OAIC was notified as it was a breach that may cause serious harm to a customer.

D24 If you are in financial difficulty

- An internal review found that three types of hardship letter sent to 1,672 customers were not compliant with the National Credit Code. A system fix was implemented.
- Quality assurance discovered that four hardship decline letters were not issued within the appropriate timeframe. The customers were contacted and advised of the result of their requests and the notices issued. Process changes included calendar reminders and attaching more than one staff member to the reminder.

E1 Publicising the Code

An organisation's website contained no information about the Code nor a link to it. This was remedied, and annual compliance review of the website was implemented.

Appendix I: Comparative data of self-reported complaints

Table 20: Self-reported complaints since 2014–15

		2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ³⁵	
		Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
Number of self-reported complaints which include Code breaches		233	1%	256	2%	242	1%	1,217	6%	949	4%	374	1.4%
Total number of self-reported complaints		16,709		14,100		18,662		21,615		26,899		27,041	
	Category												
Service / Product	Credit	1,608	9%	1,665	12%	2,987	16%	3,350	15%	4,002	15%	4,502 ³⁶	17%
	Deposit taking	1,930	12%	2,655	19%	7,444	40%	7,450	34%	11,349	42%	10,528 ³⁷	39%
	Investments	230	1%	76	<1%	1,950	10%	133	<1%	88	<1%	108	<1%
	Payment systems	3,746	22%	3,789	27%	3,508	19%	7,174	33%	6,402	24%	7,397 ³⁸	27%
	Pre-paid cards ³⁹	n/a	n/a	n/a	n/a	n/a	n/a	188	<1%	176	<1%	208	<1%
	General insurance	263	2%	175	1%	349	2%	173	<1%	327	1%	374	1%
	Add-on general insurance products ⁴⁰	n/a	n/a	n/a	n/a	n/a	n/a	22	<1%	31	<1%	86	<1%
	Life insurance	0	0%	3	<1%	49	<1%	15	<1%	4	<1%	3	<1%
	Traditional trustee services	6	<1%	11	<1%	1,169	6%	13	<1%	29	<1%	7	<1%
	Other ⁴¹	8,926	53%	5,726	41%	1,206	6%	3,097	14%	4,491	17%	3,828	14%

³⁵ For detailed information regarding number of Code subscribers self-reporting high number of complaints in specific complaint categories see Appendix J Table 26.

³⁶ Over three quarters (77% of 4,502) of total complaints concerning credit products were self-reported by six Code subscribers of Cat A.

³⁷ Over two thirds (70% of 10,528) of total complaints concerning deposit taking products were self-reported by four Code subscribers of Cat A.

³⁸ Over two thirds (70% of 7,397) of total complaints concerning payment systems were self-reported by two Code subscribers of Cat A.

³⁹ New category in 2017–18.

⁴⁰ New category in 2017–18.

⁴¹ 'Other' represents the number of total complaints that were not further specified by Code subscribers.

		2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ³⁵	
		Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
Category													
Issue	Advice	413	2%	705	5%	857	5%	723	3%	525	2%	824 ⁴²	3%
	Charges	4,792	29%	2,829	20%	2,131	11%	2,256	10%	3,789	14%	4,279 ⁴³	16%
	Disclosure	279	2%	334	2%	1,810	10%	908	4%	1,608	6%	1,588 ⁴⁴	6%
	Financial difficulty/ responsible lending	174	1%	117	<1%	546	3%	213	1%	390	1%	531 ⁴⁵	2%
	Decision by Code subscriber	565	3%	1,005	7%	3,887	21%	2,390	11%	2,412	9%	3,541 ⁴⁶	13%
	Instructions	624	4%	1,093	8%	1,156	6%	2,031	9%	2,099	8%	1,553 ⁴⁷	6%
	Privacy	103	<1%	118	<1%	223	1%	305	1%	483	2%	565 ⁴⁸	2%
	Service	3,083	18%	4,318	31%	4,393	24%	6,967	32%	10,386	39%	7,626 ⁴⁹	28%
	Transactions (ATM issues only) ⁵⁰	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	379	1%	391 ⁵¹	1%
	Transactions	3,104	19%	2,201	16%	2,180	12%	3,259	15%	2,671	10%	3,872 ⁵²	14%
	Other	3,572	22%	1,380	10%	1,479	8%	2,563	12%	2,157	8%	2,271	8%
Category													
Outcome	In favour of Code subscriber	822	5%	1,013	7%	2,493	13%	1,971	9%	3,053	11%	3,152	12%
	In favour of customer	6,022	36%	4,968	35%	4,806	26%	8,011	37%	6,976	26%	8,141	30%

⁴² Over three-quarters (77% of 824) of total complaints concerning advice issues were self-reported by three Code subscribers of Cat A.

⁴³ Nearly all (82% of 4,279) of total complaints concerning charge issues were self-reported by 4 Code subscribers of Cat A.

⁴⁴ Nearly all (89% of 1,588) of total complaints concerning disclosure issues were self-reported by three Code subscribers of Cat A.

⁴⁵ Over half (53% of 531) of total complaints concerning financial difficulty/responsible lending issues were self-reported by two Code subscribers of Cat A.

⁴⁶ Nearly all (83% of 1,553) of total complaints concerning issues based on the decision by Code subscribers were self-reported by four Code subscribers of Cat A.

⁴⁷ Three thirds (76% of 1,553) of total complaints concerning instruction issues were self-reported by two Code subscribers of Cat A.

⁴⁸ Over half (59% of 565) of total complaints concerning privacy issues were self-reported by two Code subscribers of Cat A.

⁴⁹ Over half (54% of 7,626) of total complaints concerning service issues were self-reported by two Code subscribers of Cat A.

⁵⁰ New category introduced in the 2019 ACS, previously reported as one category in 'Transactions'.

⁵¹ Nearly two thirds (64% of 391) of total complaints concerning ATM transaction issues were self-reported by two Code subscribers of Cat A.

⁵² Nearly all (85% of 3,872) of total complaints concerning transaction issues were self-reported by five Code subscribers.

		2014–15		2015–16		2016–17		2017–18		2018–19		2019–20 ⁵³	
		Total	In %	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
	Mutual agreement	3,228	19%	3,117	22%	6,213	33%	5,510	25%	10,960	41%	8,278	31%
	Referred to External Dispute Resolution	177	1%	258	2%	247	1%	188	<1%	309	1%	346	1%
	Withdrawn	119	<1%	123	<1%	376	2%	641	3%	422	2%	408	2%
	Customer taken legal action	8	<1%	3	<1%	4	<1%	4	<1%	0	0%	11	<1%
	General feedback	5,675	34%	3,704	26%	3,828	21%	4,629	21%	4,378	16%	5,143	19%
	Unresolved as at 30 June	50	<1%	80	<1%	226	1%	173	<1%	366	1%	471	2%
	Other	608	4%	834	6%	469	3%	488	2%	435	2%	1,091 ⁵³	4%
	Category												
Timeframe	Resolved within 21 days	15,606	93%	13,078	93%	16,725	90%	19,009	88%	24,785	92%	24,091	89%
	Resolved within 45 days	797	5%	571	4%	1,149	6%	1,797	8%	950	4%	1,710	6%
	Resolved beyond 45 days	256	2%	185	1%	501	3%	369	2%	649	2%	647	2%
	Unresolved as at 30 June	50	<1%	80	<1%	155	<1%	171	<1%	367	1%	494	<1%
	Other	0	0%	186	1%	132	<1%	269	1%	148	<1%	99	<1%

⁵³ One Code subscribers of Cat A advised that it does not currently capture the outcome of complaints, representing 84% of total complaints noted in the 'other' category to identify the outcome of a complaint.

Table 21: Number of Code subscribers self-reporting complaints since 2014–15

Number of self-reported complaints	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Nil complaints	10	8	8	7	7	3
Between 1 to 10 complaints	18	19	21	19	18	8
Between 11 to 20 complaints	8	9	4	4	4	9
Between 21 to 50 complaints	17	11	11	11	11	11
Between 51 to 100 complaints	6	9	7	7	7	6
Between 101 to 1,000 complaints	18	13	14	13	12	17
Over 1,000 complaints	3	4	3	3	3	6

Chart 4: Self-reported complaints by size of Code subscriber since 2014–15

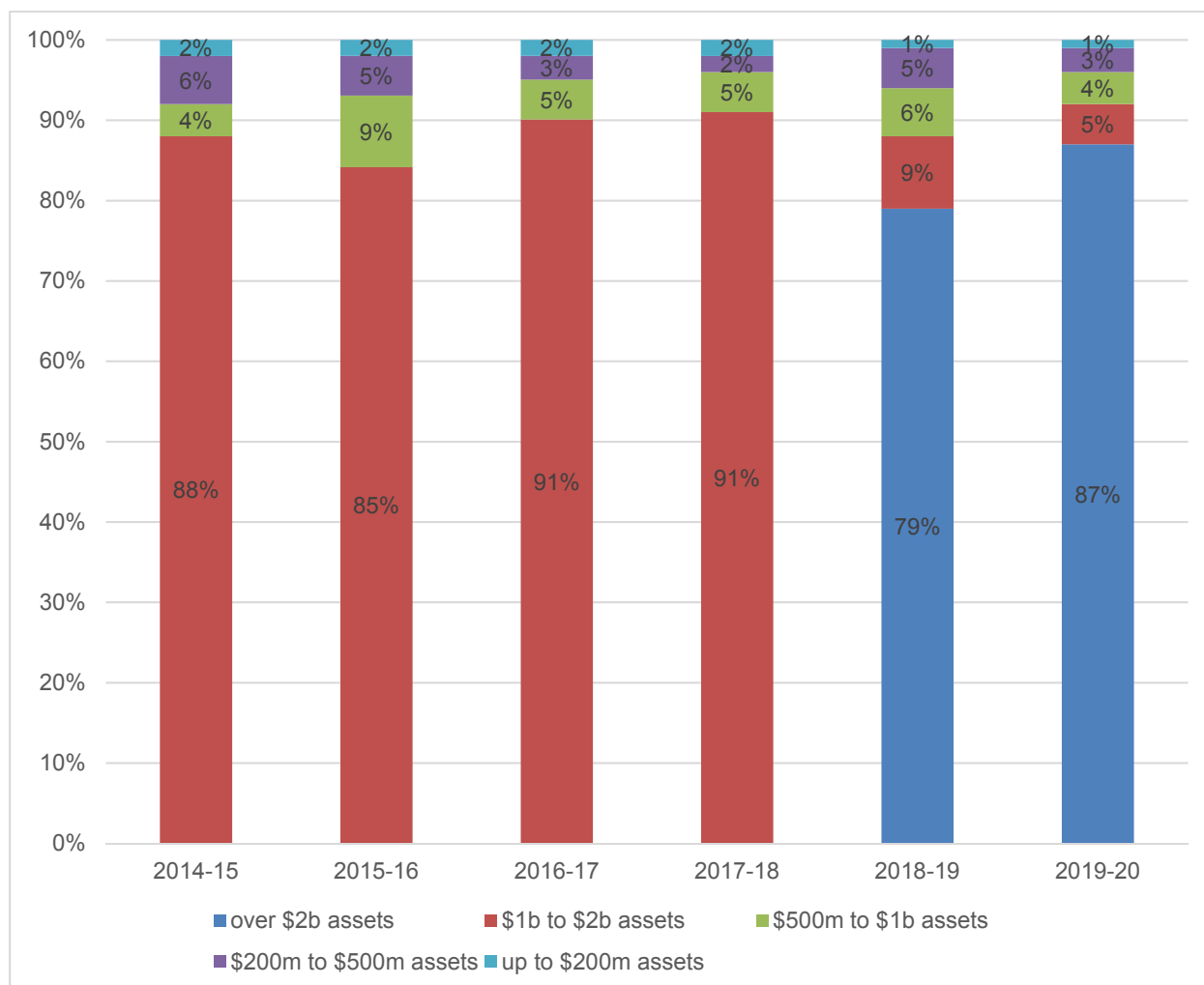


Chart 5: Percentage of self-reported complaints by service/product since 2014–15

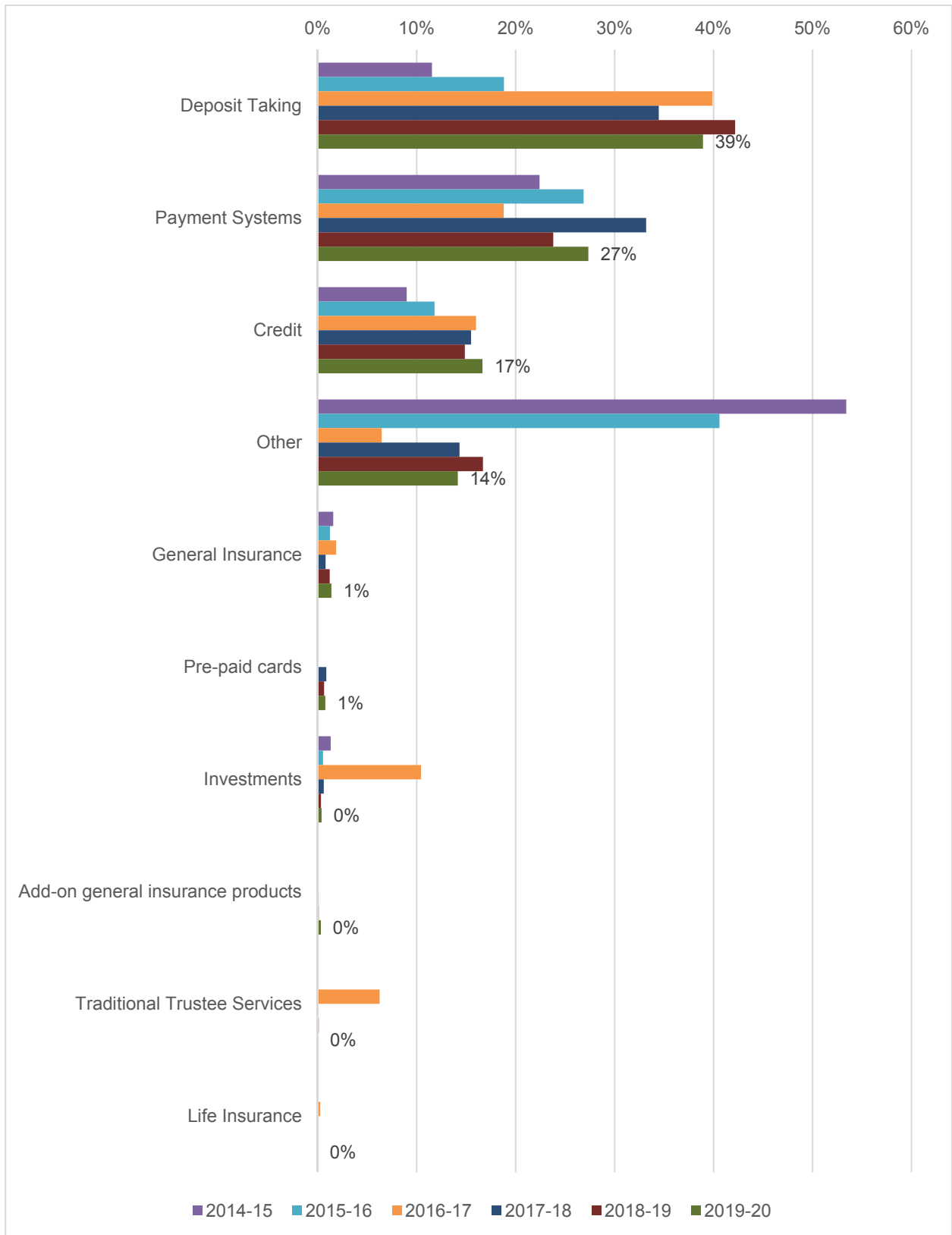


Table 22: Definitions for service/product

<p>Credit</p>	<p>Business finance (Business credit card, Business loans, Commercial bills, Hire purchase/ lease, Letter of credit, Line of credit/overdraft, Non-FSP debt)</p> <p>Consumer credit (Construction loans, Credit cards, Equity release, Hire purchase/lease, Home loans, Interest-free finance, Investment property loans, Line of credit/ overdraft, Non-FSP debt, Personal loans, Short-term finance)</p> <p>Guarantees (Bank guarantees, Business guarantees, Consumer guarantees)</p> <p>Margin loans</p>
<p>Deposit taking</p>	<p>Current accounts (Business transaction accounts, Foreign currency accounts, Mortgage offset accounts, Passbook accounts, Personal transaction accounts)</p> <p>Safe custody</p> <p>Savings accounts (Bank bills, Cash management accounts, First home buyer accounts, Online accounts, Term deposits)</p>
<p>Investments</p>	<p>Derivatives/hedging (Contracts for difference, Foreign exchange, Forwards, Futures, Options, Swaps)</p> <p>Managed investments (Australian equity funds, Cash management accounts, Charitable/educational schemes, Film schemes, Horse schemes, International equity funds, Investor direct portfolio services, Managed discretionary accounts, Managed strata title schemes, Mixed asset funds, Mortgage schemes, Primary production schemes, Property funds, Timeshare schemes, Trustee common funds)</p> <p>Real property</p> <p>Securities (Bills of exchange, Bonds, Debentures, Exchange traded funds, Promissory notes, Shares, Warrants)</p> <p>Superannuation (Account-based pensions, Approved deposit funds, Corporate funds, Industry funds, Pooled trusts, Retail funds, Retirement savings accounts, Self-managed funds)</p>
<p>Payment systems</p>	<p>Direct transfer (ATM, Bank drafts, Cheques, Counter transactions, Direct debits, EFTPOS, Electronic banking, Foreign currency transfers, Merchant facilities, Telegraph transfers)</p> <p>Non-cash (Loyalty programs, Non-cash systems, Stored value cards, Travellers' cheques)</p>
<p>Pre-paid cards</p>	<p>Gift cards, prepaid debit or credit cards, foreign currency travel cards</p>
<p>General insurance</p>	<p>Domestic insurance (Home building, Home contents, Motor vehicle – comprehensive/third-party fire and theft/third-party theft/uninsured third-party, Personal and domestic property – caravan/domestic pet/ horse/mobile phone/ moveables/pleasure</p>

	<p>craft/trailer/valuables, Residential strata title, Sickness and accident insurance, Ticket insurance, Travel)</p> <p>Extended warranty (Brown goods, Motor vehicles, White goods)</p> <p>Professional indemnity insurance (Medical indemnity, Other professional indemnity)</p> <p>Small business/ farm insurance (Commercial property, Commercial vehicles, Computer and electronic breakdown, Contractors all risk, Fire or accidental damage, Glass, Industrial special risk, Land transit, Livestock, Loss of profits/business interruption, Machinery breakdowns, Money, Public liability, Theft)</p>
Add-on general insurance products	Consumer Credit Insurance – CCI, hybrid CCI products, Guaranteed Asset Protection insurance – GAP, loan termination insurance, extended warranties insurance, mechanical breakdown insurance, tyre and rim insurance
Life insurance	<p>Income stream risk (Consumer credit insurance, Income protection)</p> <p>Non-income stream risk (Annuities, Endowments, Funeral plans, Scholarship funds, Term life, Total and permanent disability, Trauma, Whole of life)</p>
Traditional trustee services	<p>Estate management</p> <p>Estate planning (Enduring powers of attorney, Wills)</p> <p>Trusts (Beneficiary, Specific purpose)</p>

Chart 6: Percentage of self-reported complaints by issue since 2014–15

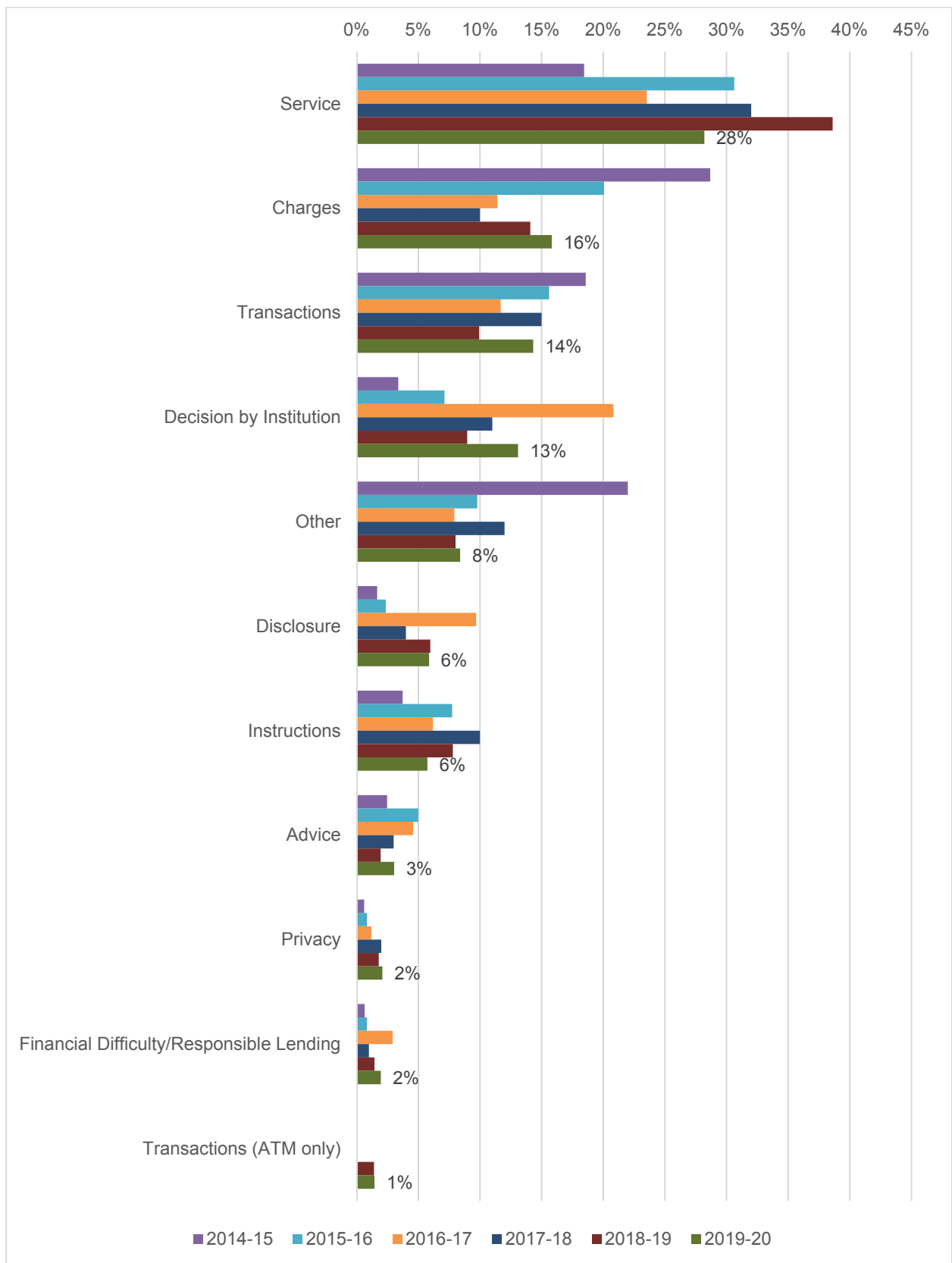
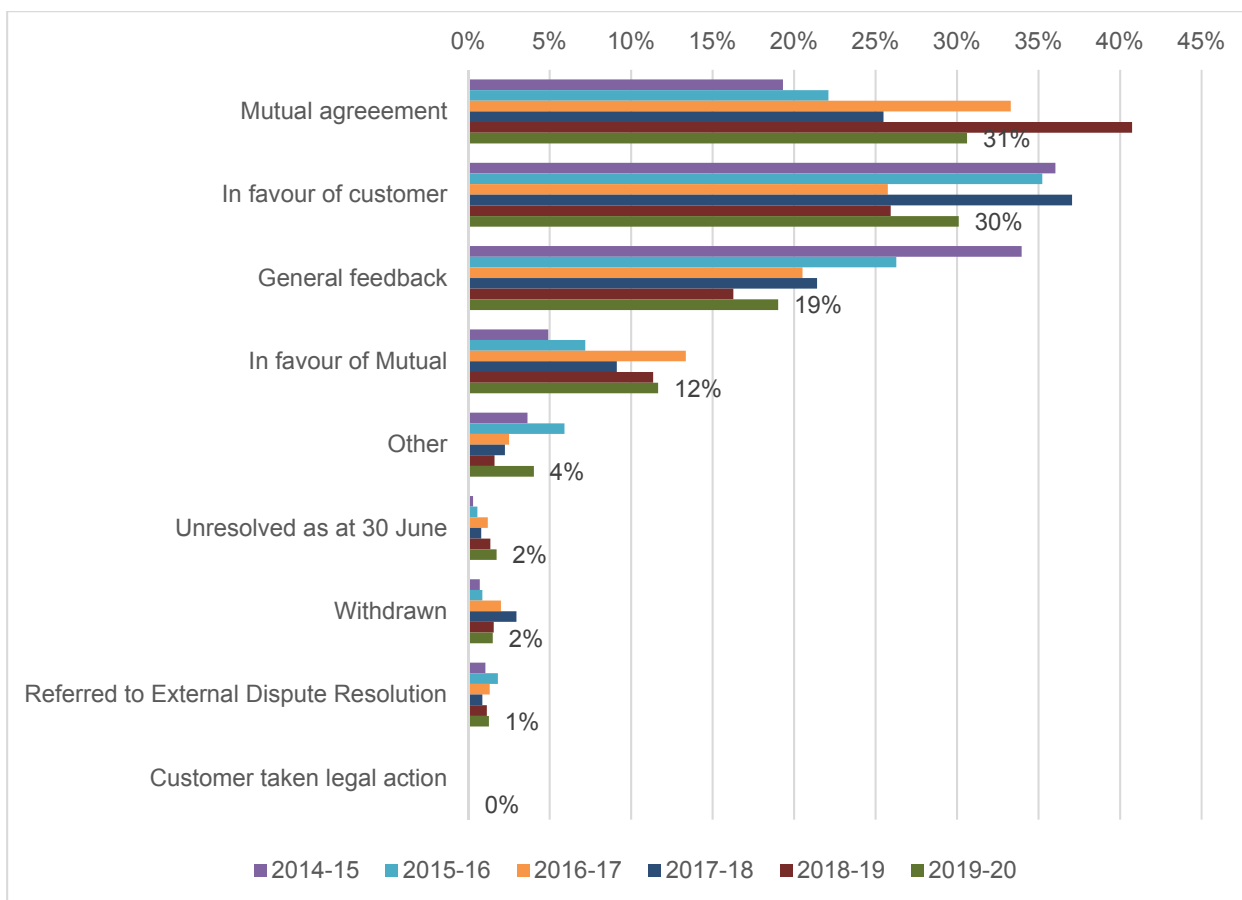


Table 23: Definitions for issue

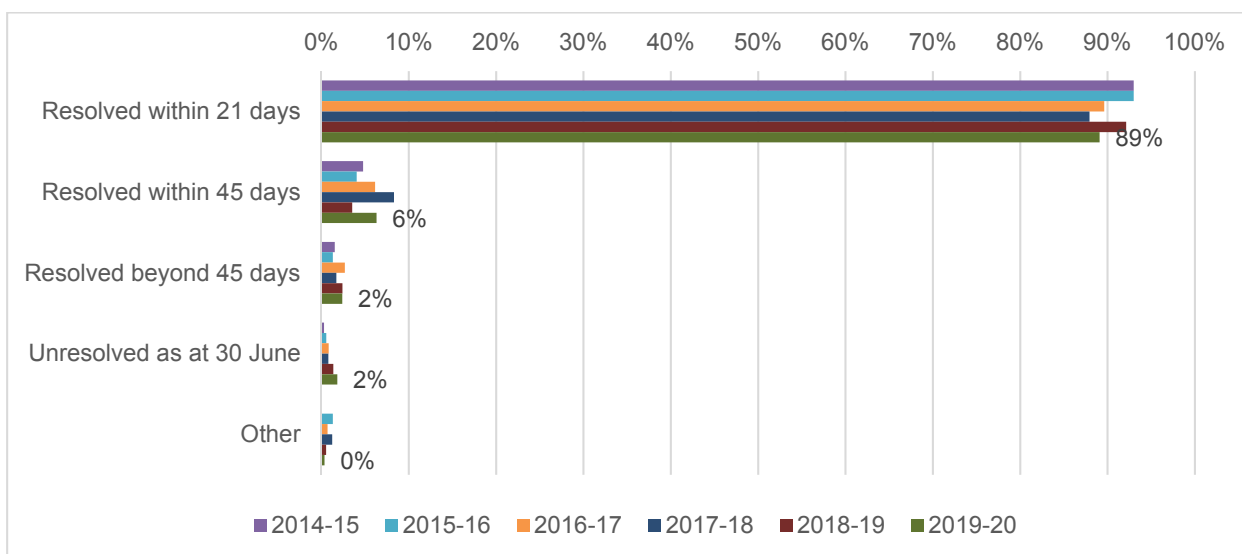
Advice	Failure to act in client’s best interest, Failure to prioritise client’s interests, Failure to provide advice, Inappropriate advice, Incorrect advice
Charges	Break costs, Deductible or excess, Incorrect commissions, Incorrect fees/costs, Incorrect interest added, Incorrect premiums, No claim bonus
Disclosure	Break costs, Deductible or excess, Incorrect commissions, Incorrect fees/costs, Incorrect interest added, Incorrect premiums, No claim bonus
Financial difficulty / Responsible lending	Decline of financial difficulty request, Default notice, Failure to respond to request for assistance, Request to suspend enforcement proceedings
Institution’s decision	Cancellation of policy, Cancellation of refund, Claim amount, Commercial credit reporting, Denial of application, Denial of claim, Denial of claim – applicant non-disclosure, Denial of claim – driving under influence, Denial of claim – exclusion/condition, Denial of claim – fraudulent claim, Denial of claim – no policy or contract, Denial of claim – no proof of loss, Denial of variation request, Error in debt collection, Inappropriate debt collection action, Inappropriate margin call notice, Interpretation of policy terms and conditions, Liability disputed, Maladministration in lending, Maladministration in loan management, Product terms/features/service
Instructions	Delay, Failure to follow instructions/agreement, Incorrectly processed instructions
Privacy and confidentiality	Consumer credit reporting, Failure/refusal to provide access, Other privacy breaches, Unauthorised information disclosed
Service	Delay in claim handling, Delay in complaint handling, Failure to provide special needs assistance, Inappropriate portfolio liquidation, Incorrect financial information provided, Loss of documents/ personal property, Management of applicant details, Service quality, Technical problems
Transaction (ATM issues only)	ATM issues only
Transaction	Dishonoured transactions, Incorrect payment, Mistaken Internet payment, Unauthorised transactions
Other	General feedback provided by client, Improvement suggestion, Expression of opinion

Chart 7: Percentage of self-reported complaints by outcome since 2014–15



Note: 'Other' represents the number of complaints that were noted by the Code subscriber, but not further identified regarding the outcome.

Chart 8: Percentage of self-reported complaints by resolution time since 2014–15



Note: 'Other' represents the number of complaints that were noted by the Code subscriber, but not further identified regarding the timeframe involved.

Appendix J: Self-reported complaints data by size of Code subscriber

Table 24: Self-reported complaints categories by size of Code subscriber in 2019–20

	Category	Cat A	Cat B	Cat C	Cat D	Cat E	Total
	Grand Total	23,445	1,318	1,124	810	344	27,041
Service/ Products involved in complaints	Credit	3,885	277	253	37	50	4,502
	Deposit taking	9,006	600	420	445	57	10,528
	Investments	83	19	4	2	0	108
	Payment systems	6,444	204	347	188	214	7,397
	Pre-paid cards	187	21	0	0	0	208
	General insurance	284	64	22	4	0	374
	Add-on general insurance products	64	11	4	4	3	86
	Life insurance	3	0	0	0	0	3
	Traditional trustee services	4	2	0	1	0	7
	Other	3,485	120	74	129	20	3,828
	Issues involved in customer complaint	Advice	777	22	10	14	1
Charges		3,893	115	106	158	7	4,279
Disclosure		1,490	58	17	18	5	1,588
Financial difficulty		445	35	9	5	37	531
Decision by Code subscriber		3,123	173	226	8	11	3,541
Instructions		1,357	76	60	31	29	1,553
Privacy		493	34	24	10	4	565
Service		6,532	406	540	128	20	7,626
Transactions (ATM issues only)		314	37	7	13	20	391
Transactions		3,160	80	70	376	186	3,872
Other		1,861	282	55	49	24	2,271
Outcome of customer complaint	In favour of Code subscriber	2,840	192	28	50	42	3,152
	In favour of customer	6,898	316	184	517	226	8,141
	Mutual agreement	7,393	463	278	99	45	8,278
	Referred to External Dispute Resolution	282	26	25	11	2	346
	Withdrawn	347	20	19	19	3	408
	Customer taken legal action	0	0	0	11	0	11
	General feedback	4,239	262	527	102	13	5,143

	Category	Cat A	Cat B	Cat C	Cat D	Cat E	Total
	Outstanding	436	18	3	1	13	471
	Other	1,010	21	60	0	0	1,091
	Resolved within 21 days	20,851	1,196	1,055	782	207	24,091
	Resolved within 45 days	1,474	67	46	19	104	1,710
	Resolved beyond 45 days	569	35	19	7	17	647
	Unresolved as at 30 th June 2020	458	17	4	2	13	494
	Other	93	3	0	0	3	99

Note: 'Other' represents the number of complaints that were noted further identified by Code subscribers.

Table 25: Number of self-reported complaints by size of Code subscriber in 2019–20

Number of self-reported complaints	Cat A	Cat B	Cat C	Cat D	Cat E	Total
Nil	0	0	0	0	3	3
1 to 10	0	0	1	0	7	8
11 to 20	1	0	1	2	5	9
21 to 50	2	1	2	5	1	11
51 to 100	1	3	0	2	0	6
100 to 1,000	5	5	4	2	1	17
Over 1,000	6	0	0	0	0	6

Table 26: Analysis of high volumes of self-reported complaints in 2019–20

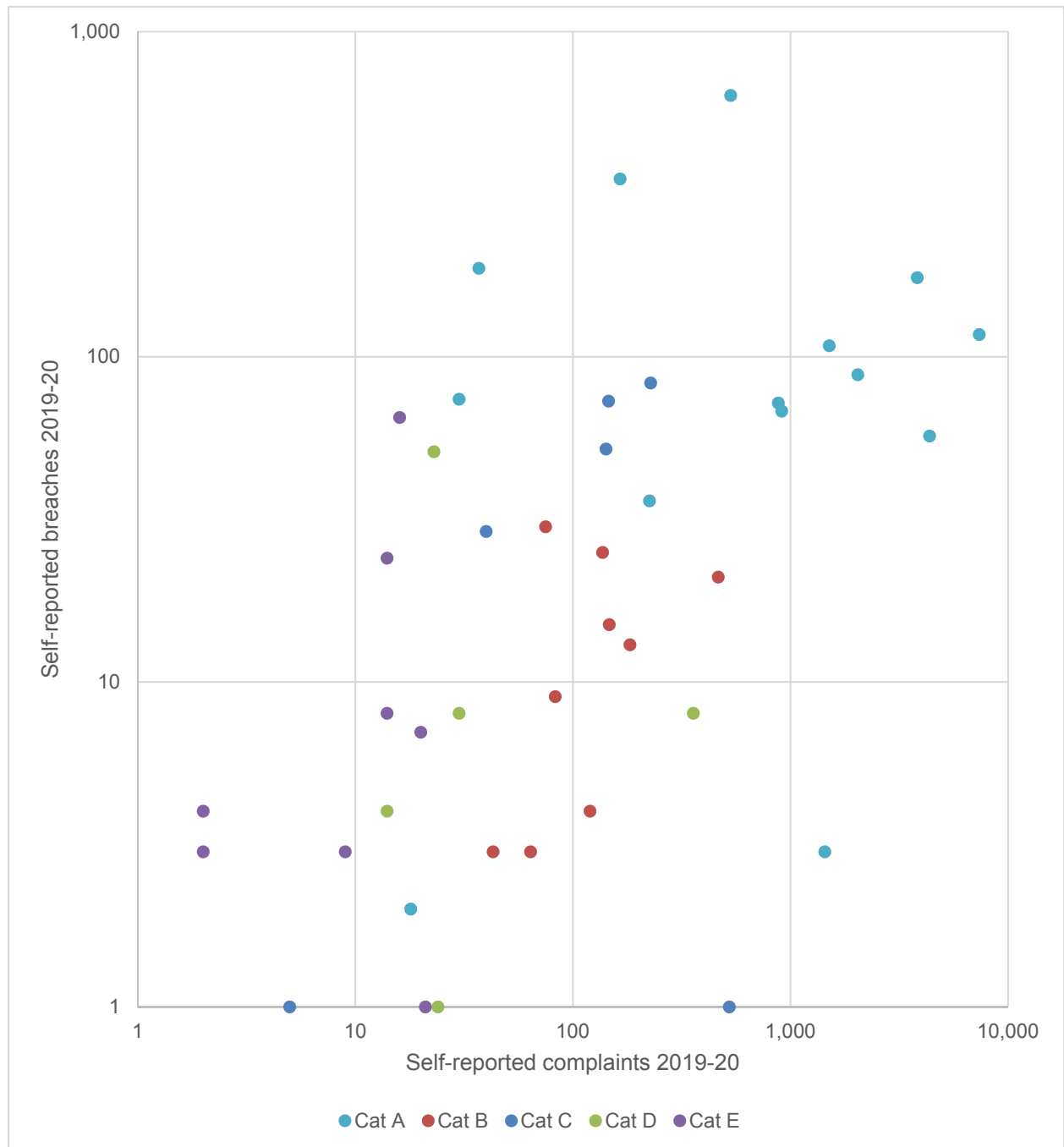
Complaints	Number of Code subscribers self-reporting complaints in this area	Number of Code subscribers who self-reported high number of complaints
Product: Credit	46 77% of total Code subscribers	<ul style="list-style-type: none"> 6 Cat A subscribers self-reported 77% of total complaints concerning credit, including one subscriber self-reporting over 1,000 and two subscribers self-reporting over 500 complaints each.
Product: Deposit taking	51 85% of total Code subscribers	<ul style="list-style-type: none"> 4 Cat A subscribers self-reported over 1,000 each, representing 70% of total complaints concerning deposit taking products. 8 subscribers self-reporting over 100 complaints each, representing 22% of total complaints concerning deposit taking products.

<i>Complaints</i>	<i>Number of Code subscribers self-reporting complaints in this area</i>	<i>Number of Code subscribers who self-reported high number of complaints</i>
Product: Payment systems	47 78% of total Code subscribers	<ul style="list-style-type: none"> • 2 Cat A subscribers self-reported over 1,000 each, representing 70% of complaints concerning payment systems. • 6 subscribers self-reported over 100 complaints each, representing 21% of total complaints concerning payments systems (including 1 Cat A subscriber representing 9% and 1 Cat E subscribers representing 2%).
Issue: Advice	27 45% of total Code subscribers	<ul style="list-style-type: none"> • 3 Cat A subscribers self-reported over 100 complaints each, representing 77% of total complaints concerning advice issues.
Issue: Charges	39 65% of total Code subscribers	<ul style="list-style-type: none"> • 4 Cat A subscribers self-reported 82% of total complaints concerning charge issues, including one subscribers self-reporting over 1,000 complaints. • 1 Cat D subscriber self-reported over 100 complaints, representing 2% of total complaints concerning charge issues.
Issue: Disclosure	33 55% of total Code subscribers	<ul style="list-style-type: none"> • 3 Cat A subscribers self-reported about 500 complaints each, representing 89% of total complaints concerning disclosure issues.
Issue: Financial Difficulty	30 50% of total Code subscribers	<ul style="list-style-type: none"> • 2 Cat A subscribers self-reported over 100 complaints each, representing 53% of total complaints concerning financial difficulty issues.
Issue: Decision by Code subscriber	36 60% of total Code subscribers	<ul style="list-style-type: none"> • 4 Cat A subscribers self-reported 83% of total complaints concerning decisions by Code subscribers, including one subscriber self-reporting over 2,000 complaints (65%).
Issue: Instructions	35 58% of total Code subscribers	<ul style="list-style-type: none"> • 2 Cat A subscribers self-reported 76% of total complaints concerning instructions issues.
Issue: Privacy	32 53% of total Code subscribers	<ul style="list-style-type: none"> • 2 Cat A subscribers self-reported 59% of total complaints concerning privacy issues.
Issue: Service	42 70% of total Code subscribers	<ul style="list-style-type: none"> • 2 Cat A self-reported over 1,000 complaints each, representing 54% of total complaints concerning service issues. • 8 subscribers self-reported 37% of total complaints concerning service issues.
Issue: ATM Transactions	26 43% of total Code subscribers	<ul style="list-style-type: none"> • 2 Cat A subscribers self-reported 64% of total complaints concerning ATM transaction issues.

<i>Complaints</i>	<i>Number of Code subscribers self-reporting complaints in this area</i>	<i>Number of Code subscribers who self-reported high number of complaints</i>
Issue: Transactions	47 78% of total Code subscribers	<ul style="list-style-type: none"> • 5 subscribers self-reported over 100 complaints each, representing 85% of total complaints concerning transaction issues.
Outcome: Other	9 15% of total Code subscribers	<ul style="list-style-type: none"> • 1 Cat A subscriber advised that it does not currently capture the outcome of complaints.

Appendix K: Relationship self-reported Code breaches to complaints

Chart 9: Comparison of number of self-reported Code breaches to self-reported complaints by size of Code subscriber in 2019–20



Appendix L: Compliance monitoring activities

Table 27: Compliance monitoring activities undertaken by Code subscribers

Note: figures represent number of Code subscribers in that category who stated that they undertook a compliance monitoring activity in that particular area.

Area	Code monitoring activity	Cat A	Cat B	Cat C	Cat D	Cat E	Total
Code	Code information available on your website and in branches	9	7	7	11	17	51
Dispute Resolution	Information on your internal dispute resolution (IDR) process on your website	7	8	7	11	16	49
	Information on your external dispute resolution (EDR) process on your website	7	7	7	11	15	47
	Review of checklist outlining IDR timeframes	6	7	6	9	11	39
Direct Debit	Direct debit cancellation process	5	3	5	11	15	39
Vulnerable customers	Responsible lending obligations	10	6	6	11	15	48
	Dealing with customers in financial difficulty	10	6	7	11	16	50
	Identifying and assisting customers affected by family violence	2	4	5	8	8	27
	Identifying and assisting customers affected by elder abuse	7	6	7	11	12	43
	Obligations concerning co-borrowers	6	5	4	8	11	34
	Obligations concerning guarantors	7	5	4	9	9	34
Privacy	Privacy obligations	12	6	7	11	15	51
Training	Training of staff	12	8	8	11	16	55
	Training of third parties providers	3	2	3	2	4	14
Other	Chargeback obligations	4	4	4	8	12	32
	Other ⁵⁴	5	1	-	1	1	8

⁵⁴ Compliance monitoring activities listed under 'Other' included review of Anti-Money Laundering and Counter-Terrorism Financing Rules, international funds transfer instructions procedures, compliance with APRA prudential obligations, customer education to heighten awareness relating to known scams and ways customers may protect themselves, COVID19 hardship response, handling of deceased estates, disclosure obligations, outbound calling procedures and training for frontline staff on Power of Attorneys.