

**CUSTOMER OWNED BANKING  
CODE COMPLIANCE COMMITTEE**

# **Annual Report**

## **2018-19**

**DECEMBER 2019**



## **Our purpose**

To ensure that Code subscribers meet the standards of good practice set out in the Customer Owned Banking Code of Practice (the Code).

## **Our objective**

To achieve this, we monitor Code compliance, share recommendations for good practice, engage with stakeholders, analyse the external financial services' environment and ensure efficient and effective Committee operations.

## **This Report**

This is an overview of the work we have completed for the 2018-19 period. Detailed data gathered from our monitoring activities of the 62 Code subscribers in 2018-19 is included in the appendices.

# Message from the Chair

The Customer Owned Banking Code Compliance Committee's Annual Report provides a detailed analysis of the Committee's achievements over the financial year.

This report covers 2018–19, a year dominated by the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.

While the customer owned banking sector was not cited for any misconduct in the Financial Services Royal Commission Final Report, the Report's findings and recommendations underline the need to continually strive for better outcomes for customers, as well as the importance of being able to demonstrate that customers' interests are paramount in the practices and culture of financial services organisations.

Perhaps the most important message from the Royal Commission is that customer owned banking institutions and other providers of financial services must go beyond mere legal obligations to act in a way that is fair, honest and transparent when dealing with customers. In other words, to ask, "Should I?" rather than "Can I?"

In this environment of heightened ethical focus, the Code plays an important role in challenging subscribers to go beyond defined legal requirements to provide better consumer outcomes in key areas that have significant consumer impact.

## Monitoring compliance

The Committee's work on monitoring subscribers' compliance with the Code found that customer service delivery remains the area where most breaches were reported. Subscribers reported a sharp increase both in the number of customers affected by breaches and the financial cost these breaches have caused customers since the previous reporting period. Correspondingly, complaints made to subscribers also increased in 2018–19, by almost 25 per cent.

## Own motion investigations

In March 2019, the Committee published findings of a follow-up inquiry into direct debit cancellations. The follow-up inquiry found that non-compliance remains at unacceptably high levels.

The Committee also undertook an inquiry into sales practices in relation to consumer credit and other add-on third party insurances. Findings and recommendations were published after the end of the financial year.

## Review of the Code

As this report is released, we are nearing the end of the Customer Owned Banking Association's (COBA) independent review of the Code. The Committee has had the opportunity to provide input into each of the three draft reports issued by the Independent Reviewer. Our feedback has focused on recommendations around ensuring the clarity of the Code and the promises to customers in it. We have also recommended strengthening the Committee's powers and available sanctions to provide a framework for customer owned banking institutions, through compliance with the Code, to effectively meet community standards and expectations in a post Royal Commission environment.


## Appreciation

I take this opportunity to formally thank my predecessor, Dr Sue-Anne Wallace AM, whose final term as Chair of the Committee ended in February 2019. Sue-Anne worked tirelessly during her two terms in the role to improve and enforce the understanding of good industry practice, and to strengthen the credibility of the Committee and its compliance monitoring activities. The bulk of the work on this Annual Report was carried out during Sue-Anne's tenure and is a testament to her commitment to drive best practice within the customer owned banking sector.

Sincere thanks to my fellow Committee members, Anita Schut and Carolyn Bond AO, for their invaluable expertise and contribution to Committee activities this year, and for their support of me in my first year as Chair. I am particularly grateful for their work and contribution to the review of the Code.

The Committee's gratitude also goes to Sally Davis, Daniela Kirchlinde and their staff at the Code team, who have provided efficient and effective support to the Committee this year.

Finally, I am grateful to COBA, particularly its Chair, Elizabeth Crouch AM, and its Chief Executive Officer, Mike Lawrence, for their collegiality and support. I value their co-operative approach to working with the Committee and supporting its activities.



### Jocelyn Furlan

Independent Chair  
Customer Owned Banking Code Compliance Committee

## INTRODUCTION

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.

This report sets out the activities of the Committee in 2018–19 and observations and guidance for subscribers arising from the outcomes of our work.

## SELF-REPORTED CODE BREACHES IN 2018-19

 **2,046**  
↑ UP 2% FROM 2017-18

 **85%**  
**OF CODE SUBSCRIBERS SELF-REPORTED BREACHES**

# How Code subscribers complied with the Code

## More institutions self-reported more Code breaches

In 2018–19, Code subscribers self-reported 2,046 Code breaches. This is a 2% increase from the previous year (see Chart 1). 85% of Code subscribers self-reported breaches in 2018–19 compared with 72% in 2017–18 (Table 6). Breaches were self-reported by 100% of large and medium Code subscribers, 82% of small Code subscribers and 63% of micro Code subscribers during the reporting period (Tables 7 to 10).

Just over three-quarters (76%) of all self-reported Code breaches came from subscribers with more than \$1 billion in assets in 2018–19 compared with 87% for the previous year<sup>1</sup> (see Chart 3). The percentage of self-reported Code breaches that came from medium (11%) and small (8%) Code subscribers grew slightly in 2018–19 from the previous year (7% and 1% respectively).

<sup>1</sup> Large Code subscribers were split into two categories for the 2018–19 reporting period: Category A (those with more than \$2 billion in assets); and Category B (those with \$1 billion to \$2 billion in assets).

## COMPLIANCE MONITORING

### Customer service remains the top breach area but more detailed breach data reporting is recommended

Most breaches in 2018–19 related to customer service, privacy or legal obligations, and responsible lending practices. This is consistent with the self-reported breach data for the 2017–18 reporting year (see Table 11).

Customer service delivery remained the most breached section of the Code, accounting for almost one-third (30%) of all self-reported breaches. Of these, more than three-quarters were self-reported by one Code subscriber, and there was a 12% drop overall in breaches of this kind from the previous year. While not all Code subscribers provided comprehensive information about the root cause for a breach of this kind, failure to follow process and procedures was the most cited reason.

When classified by general category (see Chart 2), 56% of all self-reported breaches related to general obligations around key promises. This was down slightly from 66% in 2017–18. While most breaches can be defined, as contravening the Code's promises relating to customer service standards, the Committee encourages Code subscribers to record breaches against specific obligations, to more accurately capture the true nature of the breach and its root causes. This enables effective remediation or changes to systems and processes to enhance outcomes for customers.

For example, breaches concerning privacy obligations should be captured under Service Standard D23 of the Code rather than Key Promise 8.

Breach examples and de-identified Code subscribers' remediation activities are provided in Appendix J.

### Variations in breach data reporting

The Committee observed variations in breach data reporting. While nearly half (47%) of all Code subscribers self-reported between 1 and 10 breaches, another 39% self-reported anywhere between 11 and 550 breaches (see Table 12).

An analysis of the self-reported breach data by Code subscriber size also reveals some variations. While almost three-quarters of all breaches (1,470 out of 2,046) were self-reported by the very largest Code subscribers (see Table 13), many were reported by a handful of Code subscribers (see Table 14). For example, one Category A subscriber self-reported 40 instances of breaching their key promise to be fair and ethical, accounting for 93% of the total number of breaches reported of this kind.

Meeting the Code's privacy and legal obligations remains an issue for the sector, regardless of size. 61% of all Code subscribers reported breaches of information privacy and security, and 34% reported breaching their legal and industry obligations. It is worth noting, however, that of all self-reported privacy-related breaches, 69% were reported by just seven Code subscribers, and for legal and industry obligation breaches, half were reported by just three Code subscribers.

## COMPLIANCE MONITORING

### What caused Code breaches?

According to Code subscribers, a failure to follow process and procedures was the top reason for Code breaches in 2018–19 and was cited as the cause of 717 breaches (see Table 16). Along with manual error, 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’.

Failure by staff to follow correct process and procedures could be caused by inadequacy of staff training. However, only four out of 2,046 reported breaches were specified as non-compliance in this area.



### TOP REASON FOR CODE BREACHES IN 2018–19: FAILURE TO FOLLOW PROCESS AND PROCEDURES

The Committee recommends that Code subscribers with a high number of breaches caused by failure to follow process and procedures review their staff training, procedural documentation and monitoring activities to ensure compliance with the Code and provide high-quality services to customers. A root cause analysis may also assist to highlight areas where procedures could be re-engineered to reduce error rates and/or staff resourcing issues.



**286,875**  
**CUSTOMERS DIRECTLY  
AFFECTED BY BREACHES**

### How Code breaches impacted customers

Code breaches can have a major personal and financial impact on customers (see Table 17). Institutions reported that during the 2018–19 period, 286,875 customers were directly affected by breaches (where information was provided<sup>2</sup>). The resulting financial impact to customers totalled almost \$5 million.

The greatest financial impact was to the 33,903 customers affected by three Code subscribers’ failure to deliver on their promise to provide fair terms and conditions (Service Standard D4). Breaches of this promise cost customers more than \$3.7 million.

The highest number of customers (111,692) impacted by a Code breach were those impacted when Code subscribers failed in their obligation to provide accurate and/or timely account statements and balances (Service Standard D16).



**ALMOST**  
**\$5 million**  
**FINANCIAL IMPACT**

<sup>2</sup> Numbers are indicative only, as not all Code subscribers provided conclusive information for each self-reported Code breach.

## COMPLIANCE MONITORING

### Customer complaints increased but most were resolved quickly

In all, 26,899 complaints were received by Code subscribers in 2018–19. While this is 24% more complaints than the previous year, the number of institutions self-reporting complaints remained consistent, representing 89% of all Code subscribers (see Chart 1 and Table 6).

The majority of complaints involved service issues, with almost half (42%) relating to deposit-taking products and a quarter (24%) to payment systems (see Table 18). 92% of complaints were resolved by subscribers within 21 days – up 4% from the previous year. 26% of these were resolved in favour of the customer, 41% by mutual agreement and 16% by general feedback.

Around 90% of medium to large Code subscribers and 79% of micro subscribers self-reported complaints. Every small subscriber self-reported at least one complaint in 2018–19 (see Tables 7 to 10).



# 26,899

**COMPLAINTS  
RECEIVED BY  
INSTITUTIONS  
↑ UP FROM 21,615  
IN 2017-18**

*The majority of complaints involved service issues, with almost half (42%) relating to deposit-taking products.*

## Definitions

### ***Breach***

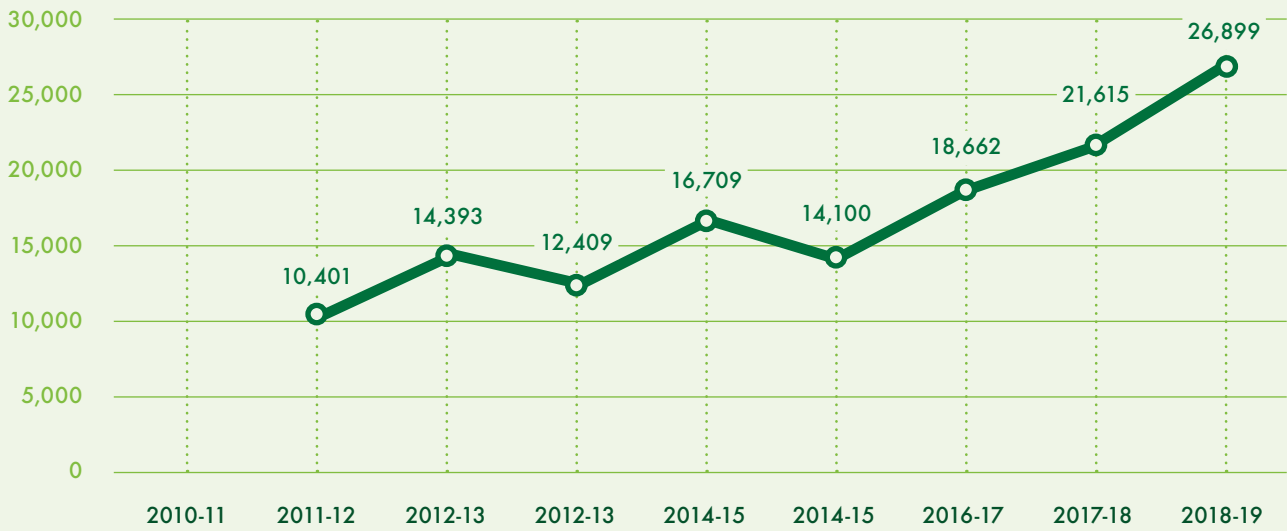
A failure to comply with the obligations of the Code in relation to the provision of a customer owned banking service.

### ***Complaint***

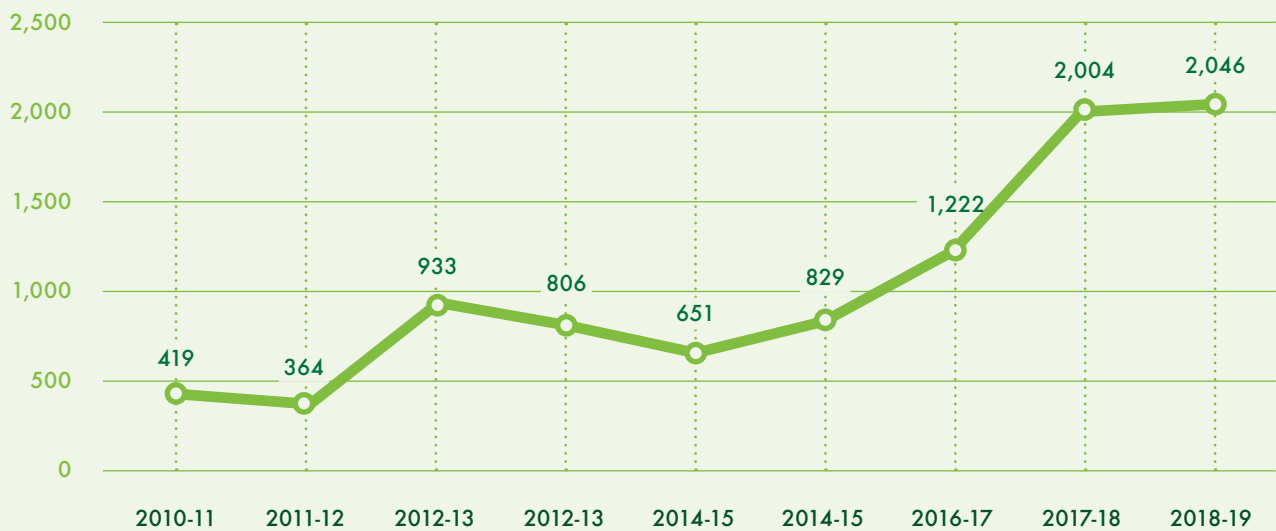
Any expression of dissatisfaction regarding a customer owned banking product or service where a response or resolution is explicitly or implicitly expected.



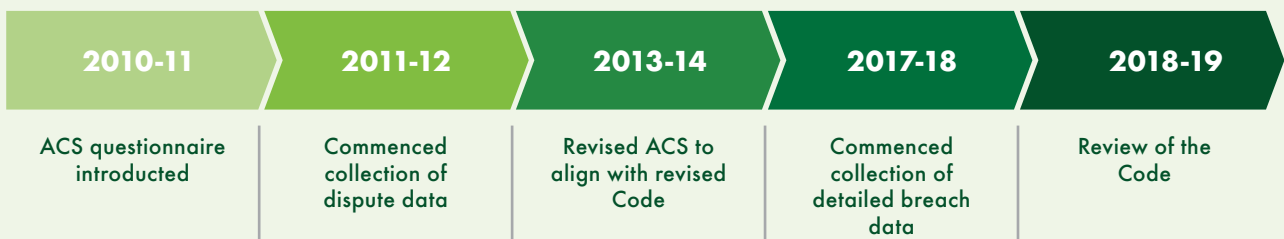
## Self-reported complaints



## Self-reported Code breaches



## 2010-19 Timeline

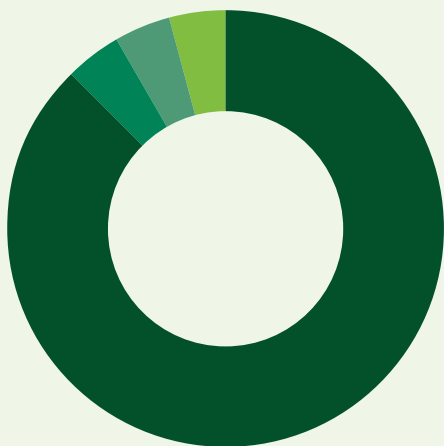


# Investigating Code breach allegations

## We investigated 49 Code breach allegations

In 2018–19 we conducted 49 new Code breach investigations, resulting in the identification of 34 Code breaches. Two matters remained open as at 30 June 2019.

### Of the 49 matters investigated:



- **43** were raised following the Committee's own motion inquiry into compliance with section D20.1 'Direct Debit arrangements'. In 33 cases, the Committee identified a Code breach and contacted the relevant Code subscribers, who rectified and improved their processes, procedures and disclosures where needed.
- **2** were initiated by the Committee as an own motion investigation following a determination issued by AFCA.
- **2** were based on referrals to the Committee, one from the systemic issue team of AFCA and one directly from a consumer, following a complaint lodged with AFCA.
- **2** were based on external sources, including an ASIC media release.

# Own motion investigations

## A follow-up inquiry into direct debit cancellation obligations finds non-compliance remains unacceptably high

In March 2019, we published the findings of a follow-up own motion inquiry into subscribers' compliance with the direct debit cancellation obligations of the Code. Under Section D20.1 of the Code, customers have the right to ask their institution to cancel a direct debit and to expect it to occur promptly. This is an important safeguard that helps customers, especially those in financial difficulty, to maintain control of their finances.

Non-compliance with this Code obligation has been a long-standing concern of the Committee and has been highlighted in four separate Committee reviews since 2010. This most recent follow-up inquiry revealed that non-compliance remains at unacceptably high levels, despite the Committee having outlined six recommendations in the previous inquiry report.

In shadow shopping calls involving 64 institutions carried out as part of the latest inquiry, institutions' customer service representatives gave a compliant response to direct debit cancellation enquiries just 57% of the time, and only 38% of institutions were consistently compliant across two separate shadow shopping calls.

The Committee also analysed websites, finding that online information about direct debit cancellation was readily accessible on only 38% of institution websites.

Based on these results, we raised 43 individual breach investigation cases identifying 33 Code breaches (see above).

We made four new recommendations in the March 2019 report, addressing website content, cancellation through online banking, staff training and monitoring.

*Customers have the right to ask their institution to cancel a direct debit and to expect it to occur promptly. This is an important safeguard that helps customers, especially those in financial difficulty.*

## **Own Motion inquiry: ‘Sale of consumer credit insurance by customer owned banking Code Subscribers’**

Also, during the reporting period, we undertook an own motion inquiry to establish whether and how Code subscribers sell consumer credit insurance (CCI) and other add-on insurance products, and to examine their compliance with related Code obligations – particularly the obligation to ensure that add-on insurance products are useful, reliable and of value to consumers.

The Committee’s aim was to establish whether and how Code Subscribers sell add-on insurance products and how subscribers meet their obligations to ensure that these products are useful, reliable and of value to customers.

The findings and recommendations from that inquiry were published in September 2019.

We thank our Code subscribing institutions for their ongoing engagement in the ACS process and we continue to welcome all suggestions for how we can make future improvements.

# **Review of the Code**

## **We engaged with COBA and Treasury about potential Code changes**

We engaged with COBA as part of the review of the Code of Practice. We met with the independent reviewer, Phil Khoury, to provide him with our comments and feedback, and we also provided a formal written submission as part of the Code review.

We provided a submission to Treasury’s consultation paper on the enforceability of financial services Codes, which was produced in response to recommendation 1.15 in the final report on the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry: that ASIC be given increased oversight of industry Codes, and that breaches of some Code provisions be made illegal as a way of preventing systemic failures in applying the Code.

# Other activities

## We engaged with our stakeholders

Throughout 2018–19 we engaged with Code subscribers, industry, regulators and consumer advocates.

We increased our engagement with Code subscribers by providing individual benchmark reports to discuss issues including the completion of their Annual Compliance Statement. We also provided Code subscribers with guidance via our *Insight* articles on the Committee's website (details below).

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

- Customer Owned Banking Association Convention in Melbourne (October 2018)
- Responsible Lending and Borrowing Summit in Sydney (March 2019)
- ASIC Forum in Sydney (May 2019)
- Financial Counselling Australia (FCA) National Conference in Melbourne (May 2019).

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](http://www.cobccc.org.au)), COBA's website ([www.customerownedbanking.asn.au/consumers/cobcop](http://www.customerownedbanking.asn.au/consumers/cobcop)) and AFCA's website ([www.afca.org.au/about-afca/codes-of-practice/](http://www.afca.org.au/about-afca/codes-of-practice/)).



## What we published

Throughout 2018–19 we continued to focus on responding to emerging issues.

We published four *Insight* articles on the Committee's website:

- [‘Committee welcomes Jocelyn Furlan as new Independent Chairperson’](#) (February 2019)
- [‘Compliance with privacy obligations still an issue’<sup>3</sup>](#) (February 2019)
- [‘Direct Debit follow-up review reveals disappointing level of compliance’](#) (March 2019)
- [‘Annual compliance health check’](#) (June 2019).

In conjunction with the Code Compliance Committees for Banking, General Insurance and Life Insurance, we published two articles in the Consumers' Federation of Australia (CFA) newsletter in 2018 – one in October ([‘Codes of Practice – Consumers benefit’](#)) and another in December ([‘Codes of Practice and financial difficulty’](#)). Both articles were aimed at informing consumers about the financial services Codes of Practice and their rights under the Codes, with the second article focused specifically on Code subscribers' obligations to consumers experiencing financial difficulty.

<sup>3</sup> The Committee will follow this up with an own motion inquiry report to be published in 2020.

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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 62 Code subscribers<sup>1</sup> 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 Khoury<sup>2</sup>, Principal of cameron.ralph.khoury, to undertake the independent review of the Code.

## 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.*

<sup>1</sup> Code subscribers as at 30 June 2019 are listed in [Appendix D](#).

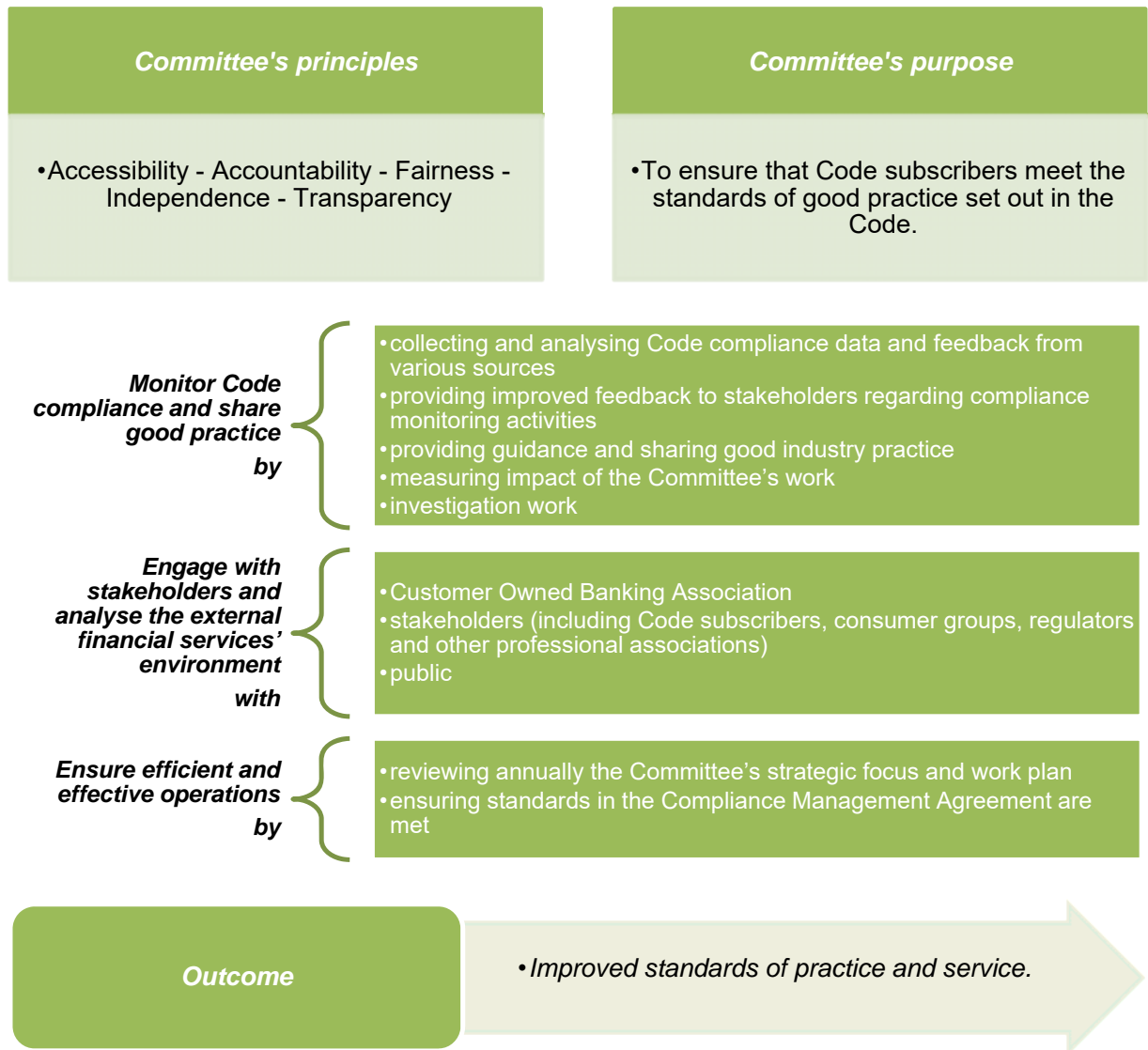
<sup>2</sup> See <http://www.customerownedbanking.asn.au/consumers/cobcop/cobcop-review>



# Appendix B: Code Compliance Committee

The Code Compliance Committee ([the Committee](#)) is an independent compliance monitoring body established 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.



## Committee members



**Jocelyn Furlan**  
**Chair (incoming)**  
B.Comm 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, First State 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 a diploma of financial planning. She 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. She is a much sought-after speaker and presenter, sharing her insights into the superannuation and life insurance industries through relating stories of the many interesting disputes she has seen.



**Dr Sue-Anne Wallace AM**  
**Chair (outgoing)**  
BPharm, BA (Hons), PhD,  
Grad Cert Mgt, Adv Dip Arts,  
FAICD

**Appointed<sup>3</sup>:** 18 February 2014<sup>4</sup>

**Term expired:** 18 February 2019 (final term)

Sue-Anne has extensive experience in the not-for-profit sector. Now in her sixth year as independent chairman of the Customer Owned Banking Code Compliance Committee, she is also Vice-President of the international certifier Humanitarian Quality Assurance Initiative (Geneva) and Deputy Chair of the Code Authority of the Fundraising Institute Australia. She was formerly chair of the Australian Council for International Development's Code of Conduct. She holds non-executive director positions with several charitable organisations.

For the past 15 years, Sue-Anne has focused on governance and self-regulation in the not-for-profit sector. In 2014 she was awarded a Churchill Fellowship to investigate self-regulatory codes of conduct and complaints handling in the not-for-profit sector.

In 2017, Sue-Anne was appointed as a Member of the Order of Australia (AM) for significant service to the not-for-profit sector, particularly through fundraising reform and codes of conduct.

<sup>3</sup> Appointed under the revised Code (section 5.5). Previous appointment 18 April 2013 to 18 April 2016 under the 2010 Mutual Banking Code of Practice

<sup>4</sup> Re-appointed as at 18 February 2016.



**Anita Schut**  
**Industry Representative**  
 BA (Asian Studies), Grad  
 Dip Personnel Mgt

**Appointed:** 1 January 2014<sup>5</sup>  
**Term expires:** 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**

**Appointed:** 1 March 2015<sup>6</sup>  
**Term expires:** 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.



In 2018–19, the Committee met formally five times, including one telephone conference, one meeting in Sydney and three meetings in Melbourne. The Committee also had informal individual meetings with the Code Team via telephone 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.

<sup>5</sup> Re-appointed as at 31 December 2016.  
<sup>6</sup> Re-appointed as at 28 February 2017.

# Appendix C: Compliance Manager

The Australian Financial Complaints Authority ([AFCA](#)<sup>7</sup>) provides Code monitoring and administration services as Compliance Manager<sup>8</sup> to the Committee and COBA by agreement. AFCA has appointed a dedicated team of staff (Code Team) within its office to undertake that task.

## Code Team staff

 <p><b>Sally Davis GAICD</b></p> <p><b>General Manager, Code Compliance &amp; Monitoring</b></p> <p>BComm, LLB, Grad Dip (Arts)</p> <p><b>Appointed:</b> Sep 2015 – current</p>	 <p><b>Daniela Kirchlind</b></p> <p><b>Compliance Manager</b></p> <p>BComm, Grad Dip (Finance and Investment)</p> <p><b>Appointed:</b> Oct 2009 – current</p>
<p>Sally commenced as General Manager of Code Compliance and Monitoring at AFCA in September 2015.</p> <p>Sally previously worked as Senior Manager of Systemic Issues and has worked at AFCA and its predecessor schemes for over 19 years. Sally is an accredited mediator and holds a Bachelor of Commerce and a Bachelor of Laws degree from the University of Melbourne, a Graduate Diploma (Arts) from Monash University and is a Graduate of the Australian Institute of Company Directors.</p> <p>Sally brings to this position extensive experience in financial services, as well as good relationships with regulators, industry and consumer groups. Her work as General Manager involves the oversight of four other codes of practice in the financial services industry in addition to the Customer Owned Banking Code of Practice.</p>	<p>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 for 23 years.</p> <p>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.</p> <p>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.</p>

<sup>7</sup> The Financial Ombudsman Service (FOS) Australia was the predecessor scheme to the Australian Financial Complaints Authority (AFCA).

<sup>8</sup> As per Customer Owned Banking Code Compliance Committee Charter section 4.4.

# Appendix D: Code subscribers as at 30 June 2019

Australian Central Credit Union Ltd t/as People's Choice Credit Union	Ford Co-operative Credit Society Limited t/as Geelong Bank
Australian Unity Bank Limited	Gateway Bank Limited
Bank Australia Limited t/as Bank Australia t/as Intech Bank	G&C Mutual Bank Limited t/as G&C Mutual Bank t/as Quay Mutual Bank
B&E Limited t/as Bank of us	Goulburn Murray Credit Union Co-Operative Ltd
Broken Hill Community Credit Union Ltd	Greater Bank Limited
Central Murray Credit Union Ltd	Heritage Bank Limited
Central West Credit Union Limited	Holiday Coast Credit Union Ltd
Coastline Credit Union Ltd	Horizon Credit Union Ltd
Community CPS Australia Limited t/as Beyond Bank Australia	Hume Bank Limited
Community First Credit Union Limited t/as Community First Credit Union t/as East Street	Illawarra Credit Union Limited
Community Mutual Ltd t/as Regional Australia Bank	Laboratories Credit Union Limited
Credit Union Australia Ltd t/as CUA	Lysaght Credit Union Ltd
Credit Union SA Limited	Macarthur Credit Union Ltd t/as The Mac
Defence Bank Limited	Macquarie Credit Union Ltd
Dnister Ukrainian Credit Co-Operative Ltd	Maitland Mutual Building Society Ltd t/as The Mutual Bank
EECU Limited t/as Nexus Mutual	MCU Limited t/as Maleny Credit Union
Endeavour Mutual Bank Ltd	Members Banking Group Limited t/as RACQ Bank
Family First Credit Union Limited	Northern Inland Credit Union Ltd
Fire Service Credit Union Ltd	Orange Credit Union Limited
Firefighters & Affiliates Credit Co-operative Limited t/as Firefighters Credit Union	Police and Nurses Limited t/as P&N Bank
First Choice Credit Union Ltd	Police Bank Ltd t/as Police Bank t/as Border Bank t/as Bank of Heritage Isle
First Option Bank Limited	Police Credit Union Limited

Pulse Credit Union Ltd	Teachers Mutual Bank Limited
t/as Pulse Credit Union	t/as Teachers Mutual Bank
t/as Melbourne University Credit Union	t/as Firefighters Mutual Bank
t/as La Trobe University Credit Union	t/as UniBank
QPCU Limited	The Capricornian Ltd
t/as QBANK	Traditional Credit Union Ltd
Qudos Mutual Limited	Transport Mutual Credit Union Ltd
t/as Qudos Bank	Unity Bank
Queensland Country Credit Union Limited	t/as Unity Bank
t/as Queensland Country Credit Union	t/as Bankstown City Unity Bank
t/as Queenslanders Credit Union	t/as Central Coast Unity Bank
Railways Credit Union Ltd	t/as Reliance Bank
t/as MOVE Bank	Victoria Teachers Limited
South West Credit Union Co-operative Ltd	t/as Bank First
South West Slopes Credit Union Ltd	Warwick Credit Union Ltd
Southern Cross Credit Union Ltd	WAW Credit Union Co-operative Ltd
Summerland Financial Services Limited	Woolworths Employees Credit Union Limited
t/as Summerland Credit Union	
Sydney Credit Union Ltd	
t/as SCU	
t/as Comtax Credit Union	

**Table 2: Code subscribers by state (head office) and size of Code subscriber<sup>9</sup>**

<i>By \$ amount in assets<sup>10</sup></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>By number of active members</i>								
<b>Category A<sup>11</sup></b>	<b>4</b>	<b>0</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>12</b>
Over 200,000	2	0	2	1	0	0	0	5
Between 100,000 and 200,000	1	0	0	0	0	2	0	3
Between 50,000 and 100,000	1	0	2	0	0	1	0	4
<b>Category B</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9</b>
Between 50,000 and 100,000	4	0	0	0	0	0	0	4
Between 10,000 and 50,000	3	0	0	2	0	0	0	5
<b>Category C</b>	<b>7</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>11</b>
Between 50,000 and 100,000	1	0	0	0	0	0	0	1
Between 10,000 and 50,000	6	0	2	0	1	1	0	10
<b>Category D</b>	<b>5</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>11</b>
Between 50,000 and 100,000	0	0	0	0	0	0	1	1
Between 10,000 and 50,000	5	0	2	0	0	2	0	9
Up to 10,000	0	0	0	0	0	1	0	1
<b>Category E</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>19</b>
Between 10,000 and 50,000	1	0	0	0	0	1	0	2
Up to 10,000	7	1	1	2	0	6	0	17
<b>Total</b>	<b>31</b>	<b>1</b>	<b>9</b>	<b>5</b>	<b>1</b>	<b>14</b>	<b>1</b>	<b>62</b>
Comparison to 2017–18	33	1	9	5	1	14	1	64
Comparison to 2016–17	36	1	10	5	1	13	1	67
Comparison to 2015–16	40	1	11	5	1	14	1	73
Comparison to 2014–15	44	1	12	5	1	16	1	80

**Table 3: Number of branches (including head office) by size of Code subscriber<sup>12</sup>**

	<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>
<b>Category A</b>	17	108	9	143	44	0	48	16	<b>385</b>	55%
<b>Category B</b>	1	88	1	4	9	4	8	2	<b>117</b>	17%
<b>Category C</b>	0	61	0	6	0	2	1	0	<b>70</b>	10%
<b>Category D</b>	0	18	4	13	0	0	24	16	<b>75</b>	11%
<b>Category E</b>	0	21	1	15	2	0	12	1	<b>52</b>	7%
<b>Total</b>	<b>18</b>	<b>296</b>	<b>15</b>	<b>181</b>	<b>55</b>	<b>6</b>	<b>39</b>	<b>35</b>	<b>699</b>	
<i>In %</i>	3%	42%	2%	26%	8%	1%	13%	5%		

<sup>9</sup> Code subscribers are counted by Australian Financial Service License.

<sup>10</sup> For description of categories see [Table 18](#).

<sup>11</sup> Previously included in Category B.

<sup>12</sup> This data was collected for the first time in the 2019 ACS.

# Appendix E: Investigations

The Charter<sup>13</sup> 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.

## ***New investigations registered in 2018–19***

In 2018–19 the Committee investigated 49 new matters concerning alleged breaches of the Code, resulting in the identification of 34 Code breaches. Two matters remained open as at 30 June 2019.

**Table 4** provides information about the 49 matters investigated.

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<sup>13</sup> 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 4: Details of Investigations**

<b>Details</b>	<b>Number of Investigations</b>
<b>Total Investigations received</b>	49
Closed as at 30 June 2019	47
Open as at 30 June 2019	2
<b>Status of open Investigations</b>	
In decision status <sup>14</sup>	1
Put on hold (pending outcome of court proceedings)	1
<b>Age status of open Investigations</b>	
Over 90 days since registration	1
Over six months since registration	1
<b>Source of Investigations</b>	
Own motion investigations based on findings of an own motion inquiry	44
Own motion investigations based on determinations issued by AFCA	2
Referral from AFCA systemic issue team	1
Referral from consumer following a complaint lodged with AFCA	1
ASIC media release	1
<b>Provisions of the Code investigated<sup>15</sup></b>	
Key Promise 1 'Be fair and ethical'	2
Key Promise 4 'We will be responsible lenders'	2
Key Promise 5 'Deliver high customer service'	1
Key Promise 7 'Recognise our customers' rights as owners'	1
Section D2 'Product information'	1
Section D4 'Fair terms and conditions'	1

<sup>14</sup> Matter has since been closed by determination in November 2019.

<sup>15</sup> Some investigations included more than one provision of the Code.

<b>Details</b>	<b>Number of Investigations</b>
Section D6 'Responsible lending practices'	1
Section 20 'Direct Debit arrangements'	43
Section D23 'Information privacy and security'	1
Section D24 'If you are in financial difficulties'	1
<b>Types of products and services involved in Investigations</b>	
Deposit taking	46
Mortgage	2
Personal Loan	1
<b>Underlying cause of the alleged Code breach (where identified)</b>	
Poor process and procedures	46
<b>Outcome of the Investigations</b>	
Identified breach - Code subscriber rectified and improved their processes, procedures and disclosures where needed	34
No breach identified – matter closed	10
Committee used discretion not to investigate as per clause 8.1 of the Charter – matter closed	3

### ***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 2018-19:

a) The number of enquiries it has dealt with:

The Committee received four enquiries.

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

The Committee received 49 alleged breaches of the Code, resulting in the identification of 34 Code breaches. See [Table 4](#) 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:

Three matters remained open as at 30 June 2019. See [Table 4](#) for details.

(d) The number of referrals of complaints it has made to an EDR Scheme or other 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 one Inquiry:

- Own motion inquiry '[Compliance with direct debit cancellation obligations disappointing](#)', published in March 2019.

The Committee commenced two Inquiries:

- Own motion inquiry '[Sale of consumer credit insurance by customer owned banking Code subscribers](#)', published in September 2019
- Follow-up inquiry on recommendations issued by the Committee as part of its [own motion inquiry report concerning privacy obligations](#) published in June 2018. Questionnaire was issued to all Code subscribers as part of their Annual Compliance Statement in late June 2019.

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

Details of Investigations undertaken by the Committee are reported in [Table 4](#) above.

(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 Direct Debit obligations and sale of consumer credit insurance 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 are reported in [Appendix I Table 17](#).

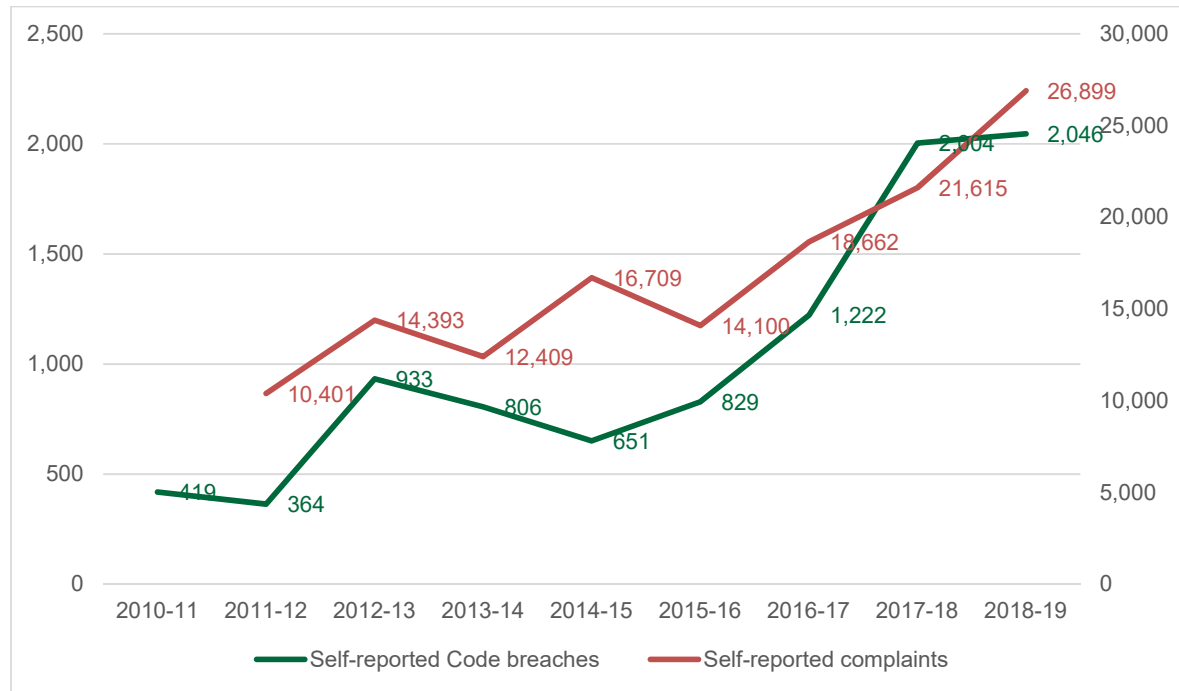
(j) Compliance initiatives undertaken by Code subscribers.

Compliance initiatives undertaken by Code subscribers are reported in [Appendix N: Compliance monitoring activities](#).

# Appendix F: Data trends

**Chart 1: Trends and relationships in data**

Self-reported by all Code subscribers over the past four years to the Committee.



**Table 5: Top five categories of Code breaches self-reported since 2015**

2015-16	2016-17	2017-18	2018-19
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%
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%
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%
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%
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%

**Table 6: Industry summary (all Code subscribers)**

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

**Table 7: Sector summary (large Code subscribers – Category A and B)<sup>16</sup>**

	2015–16	2016–17	2017–18	2018–19	
	Cat A&B	Cat A&B	Cat A&B	Cat A	Cat B
<i>Number of Code subscribers</i>	16	17	21	12	9
<i>Number of branches (including head office)</i>	n/a	n/a	504	385	117
Total of self-reported Code breaches	456	902	1,751	1,470	84
Mean of self-reported Code breaches	28.5	53.1	83.4	122.5	9.3
% of Code subscribers self-reporting Code breaches	94%	94%	95%	100%	100%
Total of self-reported complaints	11,215	16,587	19,829	21,131	2,553
Mean of self-reported complaints	700.9	975.7	944.2	1,760.9	283.7
% of Code subscribers self-reporting complaints	100%	100%	95%	92%	89%

**Table 8: Sector summary (medium Code subscribers – Category C)**

	2015–16	2016–17	2017–18	2018–19
<i>Number of Code subscribers</i>	15	14	10	11
<i>Number of branches (including head office)</i>	n/a	n/a	78	70
Total of self-reported Code breaches	211	176	136	230
Mean of self-reported Code breaches	14.1	12.6	13.6	20.9

<sup>16</sup> 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.

	2015–16	2016–17	2017–18	2018–19
% of Code subscribers self-reporting Code breaches	80%	93%	90%	100%
Total of self-reported complaints	1,815	1,427	1,055	1,486
Mean of self-reported complaints	121.0	101.9	105.5	135.1
% of Code subscribers self-reporting complaints	100%	100%	90%	91%

**Table 9: Sector summary (small Code subscribers – Category D)**

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

**Table 10: Sector summary (micro Code subscribers – Category E)**

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

# Appendix G: Comparative data of self-reported Code breaches

**Table 11: Self-recorded breaches by Code category and section since 2014–15**

	2014–15		2015–16		2016–17		2017–18		2018–19	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
<b>General commitments</b>	<b>361</b>	<b>55%</b>	<b>394</b>	<b>48%</b>	<b>539</b>	<b>44%</b>	<b>1,317</b>	<b>66%</b>	<b>1,155</b>	<b>56%</b>
<b>Key commitments</b>	<b>319</b>	<b>49%</b>	<b>340</b>	<b>41%</b>	<b>428</b>	<b>35%</b>	<b>1,187</b>	<b>59%</b>	<b>972</b>	<b>48%</b>
KP1 Be fair and ethical	26	4%	3	<1%	4	<1%	4	<1%	42	2%
KP2 Focus on our customers	20	3%	27	3%	84	7%	9	<1%	8	<1%
KP5 Deliver high customer service	162	25%	166	20%	70	6%	838 <sup>17</sup>	42%	610 <sup>18</sup>	30%
KP7 Recognise our customers' rights as owners	0	0%	3	<1%	129	11%	2	<1%	0	0%
KP8 Comply with legal and industry obligations	111	17%	132	16%	138	11%	334 <sup>19</sup>	17%	311 <sup>20</sup>	15%
KP9 Recognise impact on wider community	0	0%	9	1%	3	<1%	0	0%	1	<1%
<b>Provision of general information</b>	<b>42</b>	<b>6%</b>	<b>54</b>	<b>7%</b>	<b>111</b>	<b>9%</b>	<b>130</b>	<b>6%</b>	<b>183</b>	<b>9%</b>
KP3 Clear information	0	0%	27	3%	24	2%	67	3%	34	2%
D2 Product information	32	5%	23	3%	81	7%	38	2%	108 <sup>21</sup>	5%
D19 Copies of documents	10	2%	4	<1%	6	<1%	25	1%	41	2%
<b>Disclosure</b>	<b>59</b>	<b>9%</b>	<b>71</b>	<b>9%</b>	<b>80</b>	<b>7%</b>	<b>39</b>	<b>2%</b>	<b>102</b>	<b>5%</b>
<b>Interest rates, fees and charges</b>	<b>57</b>	<b>9%</b>	<b>55</b>	<b>7%</b>	<b>61</b>	<b>5%</b>	<b>35</b>	<b>2%</b>	<b>75</b>	<b>4%</b>
D3 Interest rates, fees and charges	49	8%	54	7%	45	4%	32	2%	66 <sup>22</sup>	3%
D5 Reviewing fees and charges	8	1%	1	<1%	16	1%	3	<1%	9	<1%
<b>T&amp;C and changes to T&amp;C</b>	<b>2</b>	<b>&lt;1%</b>	<b>16</b>	<b>2%</b>	<b>19</b>	<b>2%</b>	<b>4</b>	<b>&lt;1%</b>	<b>27</b>	<b>1%</b>
D4 Fair terms and conditions	0	0%	11	1%	2	<1%	0	0%	25	1%

<sup>17</sup> Over three quarters (86% or 718) of breaches concerning delivering high customer service were self-reported by one Code subscriber.

<sup>18</sup> 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.

<sup>19</sup> 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.

<sup>20</sup> Half (50% or 155) of the breaches concerning legal obligations were self-reported by three Code subscribers, split as 64, 46 and 45 breaches.

<sup>21</sup> Nearly three-quarters (78% or 84) of breaches concerning product information were self-reported by two Code subscribers.

<sup>22</sup> One-third (32% or 21) of breaches concerning interest rates, fees and charges were reported by one Code subscriber.



	2014–15		2015–16		2016–17		2017–18		2018–19	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
D17 Notifying changes to your account	2	<1%	5	1%	17	1%	4	<1%	2	<1%
<b>Provision of customer owned banking service</b>	<b>34</b>	<b>5%</b>	<b>42</b>	<b>5%</b>	<b>55</b>	<b>5%</b>	<b>34</b>	<b>2%</b>	<b>66</b>	<b>3%</b>
D13 Third party products	4	1%	9	1%	14	1%	4	<1%	5	<1%
D16 Statement of accounts	22	3%	23	3%	27	2%	11	1%	15	1%
D20 Direct debit arrangements	4	1%	3	<1%	7	1%	13	1%	36	2%
D21 Chargebacks	0	0%	4	<1%	2	<1%	5	<1%	4	<1%
D21.3 Recurring payment arrangements	3	<1%	2	<1%	0	0%	0	0%	2	<1%
D22 Closure of accounts	1	<1%	1	<1%	5	<1%	1	<1%	4	<1%
D26.5 Centrelink requirements	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Provision of credit</b>	<b>20</b>	<b>3%</b>	<b>36</b>	<b>4%</b>	<b>169</b>	<b>14</b>	<b>136</b>	<b>7%</b>	<b>151</b>	<b>7%</b>
<b>Credit assessment, responsible lending and financial difficulty</b>	<b>18</b>	<b>3%</b>	<b>32</b>	<b>4%</b>	<b>152</b>	<b>12%</b>	<b>114</b>	<b>6%</b>	<b>125</b>	<b>6%</b>
KP4 We will be responsible lenders	2	<1%	8	1%	7	1%	8	<1%	0	0%
D6 Responsible lending practices	15	2%	20	2%	143	12%	106 <sup>23</sup>	5%	121 <sup>24</sup>	6%
D7 Credit limit increase offers	0	0%	1	<1%	0	0%	0	0%	0	0%
D24 If you are in financial difficulties	1	<1%	3	<1%	2	<1%	0	0%	4	<1%
<b>Joint debtors, accounts &amp; sub-cards</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>&lt;1%</b>	<b>11</b>	<b>1%</b>	<b>20</b>	<b>1%</b>	<b>12</b>	<b>1%</b>
D9 Joint accounts	0	0%	0	0%	9	1%	16	1%	12	1%
D10 Subsidiary cards	0	0%	0	0%	2	<1%	0	0%	0	0%
D11 Safeguards for co-borrowers	0	0%	1	<1%	0	0%	4	<1%	0	%
<b>Other provision of credit obligations</b>	<b>2</b>	<b>&lt;1%</b>	<b>3</b>	<b>&lt;1%</b>	<b>6</b>	<b>&lt;1%</b>	<b>2</b>	<b>&lt;1%</b>	<b>14</b>	<b>1%</b>
D8 Reverse mortgage loans	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%
D26 Debt collection and legal action	1	<1%	1	<1%	4	<1%	1	<1%	14	1%
<b>Other Code obligations (such as Training, Privacy, IDR)</b>	<b>177</b>	<b>27%</b>	<b>286</b>	<b>34%</b>	<b>379</b>	<b>31%</b>	<b>478</b>	<b>24%</b>	<b>572</b>	<b>28%</b>
<b>Privacy and confidentiality</b>	<b>131</b>	<b>20%</b>	<b>249</b>	<b>30%</b>	<b>294</b>	<b>24%</b>	<b>435</b>	<b>22%</b>	<b>525</b>	<b>26%</b>

<sup>23</sup> 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.

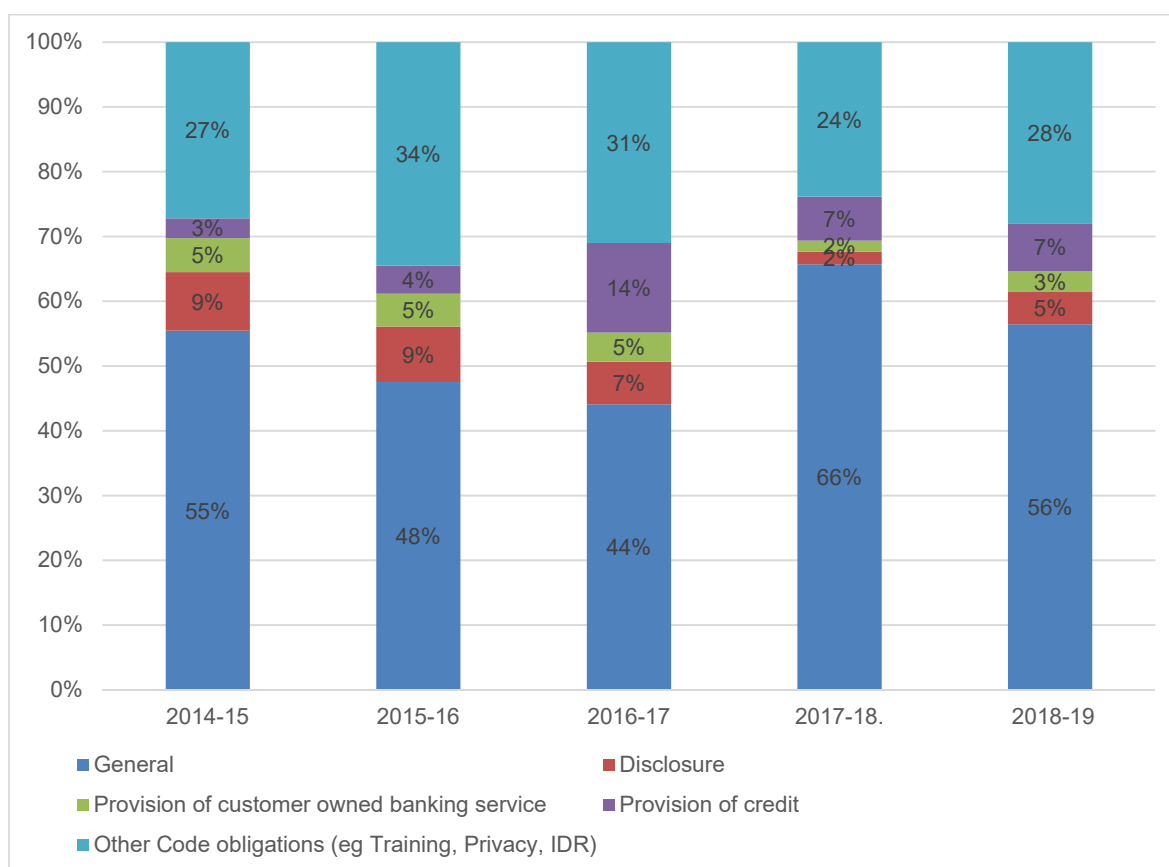
<sup>24</sup> Over two thirds (67% or 93) of breaches concerning responsible lending practices were self-reported by three Code subscribers with 49, 32 and 12 breaches respectively.

	2014–15		2015–16		2016–17		2017–18		2018–19	
	Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
D23 Information privacy and security	131	20%	249	30%	294	24%	435 <sup>25</sup>	22%	525 <sup>26</sup>	26%
<b>Advertising</b>	<b>13</b>	<b>2%</b>	<b>19</b>	<b>2%</b>	<b>21</b>	<b>2%</b>	<b>20</b>	<b>1%</b>	<b>13</b>	<b>1%</b>
D1 Advertising	13	2%	19	2%	21	2%	20	1%	13	1%
<b>Communication</b>	<b>27</b>	<b>4%</b>	<b>7</b>	<b>1%</b>	<b>18</b>	<b>1%</b>	<b>13</b>	<b>1%</b>	<b>14</b>	<b>1%</b>
D15 Timely, clear and effective	21	3%	4	<1%	15	1%	11	1%	11	1%
D18 Electronically	6	1%	3	<1%	3	<1%	2	<1%	3	<1%
D25 Working with your representative	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Training</b>	<b>3</b>	<b>&lt;1%</b>	<b>4</b>	<b>&lt;1%</b>	<b>5</b>	<b>&lt;1%</b>	<b>6</b>	<b>&lt;1%</b>	<b>4</b>	<b>&lt;1%</b>
D14 Use of finance brokers	0	0%	0	0%	0	0%	0	0%	0	0%
E2 Training our staff	3	<1%	4	<1%	5	<1%	6	<1%	4	<1%
<b>Dispute Resolution</b>	<b>3</b>	<b>&lt;1%</b>	<b>6</b>	<b>1%</b>	<b>41</b>	<b>3%</b>	<b>4</b>	<b>&lt;1%</b>	<b>16</b>	<b>1%</b>
KP6 Deal fairly with any complaints	0	0%	0	0%	0	0%	0	0%	1	<1%
D27 Prompt, fair resolution of complaints	0	0%	5	1%	39	3%	2	<1% %	3	<1%
D28 Our complaints handling process	2	<1%	1	<1%	1	<1%	1	<1%	12	1%
D29 External Dispute Resolution	1	<1%	0	0%	1	<1%	0	0%	0	0%
D30 Complaints about Code breaches	0	0%	0	0%	0	0%	1	<1%	0	0%
<b>Promotion of the Code</b>	<b>0</b>	<b>0%</b>	<b>1</b>	<b>&lt;1%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
B Commitment to comply with Code	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%
E1 Publicising the Code	0	0%	0	0%	0	0%	0	0%	0	0%
<b>Grand Total</b>	<b>651</b>		<b>829</b>		<b>1,222</b>		<b>2,004</b>		<b>2,046</b>	

<sup>25</sup> Just under two-thirds (63% or 274) of breaches concerning privacy obligations were self-reported by five Code subscribers with over 40 breaches each.

<sup>26</sup> 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.

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



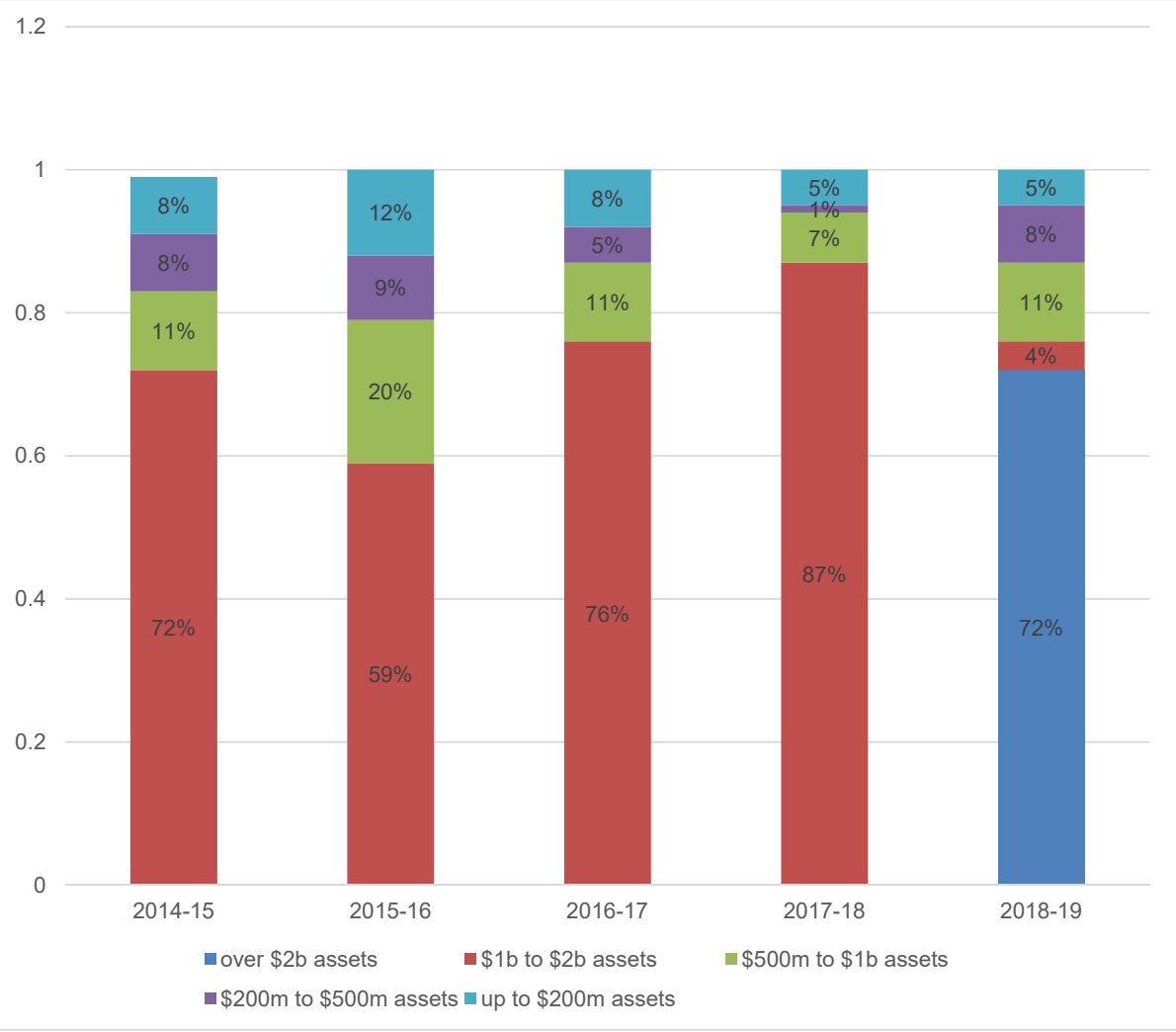
**Table 12: Number of Code subscribers self-reporting Code breaches since 2014–15**

<b>Number of self-reported Code breaches</b>	<b>2014–15</b>	<b>2015–16</b>	<b>2016–17</b>	<b>2017–18</b>	<b>2018–19</b>
Nil breaches	31	24	16	18	9
Between 1 to 10 breaches	33	27	29	25	29
Between 11 to 20 breaches	5	8	6	5	8
Between 21 to 50 breaches	9	9	11	9	5
Between 51 to 100 breaches	2	5	3	2	4
Between 101 to 200 breaches	0	0	2	4	5
Between 201 to 500 breaches	0	0	0	0	1
Over 500 breaches	0	0	0	1 <sup>27</sup>	1 <sup>28</sup>

<sup>27</sup> One Code subscriber self-reported 906 Code breaches.

<sup>28</sup> One Code subscriber self-reported 549 Code breaches.

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



# Appendix H: Self-recorded Code breach data by Code subscriber size

**Table 13: Self-reported Code breach categories by size of Code subscriber in 2018–19**

<b>Service Standards</b>	<b>Cat A</b>	<b>Cat B</b>	<b>Cat C</b>	<b>Cat D</b>	<b>Cat E</b>	<b>Total</b>
<b>Grand Total</b>	<b>1,470</b>	<b>84</b>	<b>230</b>	<b>131</b>	<b>101</b>	<b>2,046</b>
<b>General commitments</b>	902	33	102	82	36	<b>1,155</b>
<b>Key commitments</b>	751	19	97	73	32	<b>972</b>
KP1 Be fair and ethical	40	0	0	1	1	<b>42</b>
KP2 Focus on our customers	2	1	0	3	2	<b>8</b>
KP5 Deliver high customer service	505	11	49	19	26	<b>610</b>
KP7 Recognise our customers' rights	0	0	0	0	0	<b>0</b>
KP8 Comply with legal & industry oblig.	204	7	48	50	2	<b>311</b>
KP9 Recognise impact on community	0	0	0	0	1	<b>1</b>
<b>Provision of general information</b>	151	14	5	9	4	<b>183</b>
KP3 Clear information	24	3	2	2	3	<b>34</b>
D2 product information	95	4	2	7	0	<b>108</b>
D19 copies of documents	32	7	1	0	1	<b>41</b>
<b>Disclosure</b>	44	11	14	6	27	<b>102</b>
<b>Interest rates, fees and charges</b>	36	10	14	6	9	<b>75</b>
D3 Interest rates, fees and charges	35	8	14	6	3	<b>66</b>
D5 Reviewing fees and charges	1	2	0	0	6	<b>9</b>
<b>T&amp;C and changes to T&amp;C</b>	8	1	0	0	18	<b>27</b>
D4 Fair terms and conditions	8	0	0	0	17	<b>25</b>
D17 Notifying changes to your account	0	1	0	0	1	<b>2</b>
<b>Provision of customer owned banking service</b>	16	10	15	11	14	<b>66</b>
D13 Third party products	0	1	0	1	3	<b>5</b>
D16 Statement of accounts	1	6	5	2	1	<b>15</b>
D20 Direct debit arrangements	10	3	9	5	9	<b>36</b>
D21 Chargebacks	2	0	1	1	0	<b>4</b>
D21.3 Recurring payment arrangements	0	0	0	2	0	<b>2</b>
D22 Closure of accounts	3	0	0	0	1	<b>4</b>
D26.5 Centrelink requirements	0	0	0	0	0	<b>0</b>
<b>Provision of credit</b>	89	7	36	4	15	<b>151</b>
<b>Credit assessment, responsible lending and financial difficulty</b>	65	6	36	4	14	<b>125</b>

<b>Service Standards</b>	<b>Cat A</b>	<b>Cat B</b>	<b>Cat C</b>	<b>Cat D</b>	<b>Cat E</b>	<b>Total</b>
KP4 We will be responsible lenders	0	0	0	0	0	0
D6 Responsible lending practices	65	4	36	4	12	121
D7 Credit limit increase offers	0	0	0	0	0	0
D24 If you are in financial difficulties	0	2	0	0	2	4
<b>Joint debtors, accounts &amp; sub. cards</b>	10	1	0	0	1	12
D9 Joint accounts	10	1	0	0	1	12
D10 Subsidiary cards	0	0	0	0	0	0
D11 Safeguards for co-borrowers	0	0	0	0	0	0
<b>Other provision of credit obligations</b>	14	0	0	0	0	14
D8 Reverse mortgage loans	0	0	0	0	0	0
D12 Safeguard for loan guarantors	0	0	0	0	0	0
D26 Debt collection and legal action	14	0	0	0	0	14
<b>Other Code obligations (such as Training, Privacy, IDR)</b>	419	23	63	58	9	572
<b>Privacy and confidentiality</b>	393	16	60	51	5	525
D23 Information privacy and security	393	16	60	51	5	525
<b>Advertising</b>	9	2	0	2	0	13
D1 Advertising	9	2	0	2	0	13
<b>Communication</b>	6	3	0	3	2	14
D15 Timely, clear and effective	4	2	0	3	2	11
D18 Electronically	2	1	0	0	0	3
D25 Working with your representative	0	0	0	0	0	0
<b>Training</b>	2	0	0	2	0	4
D14 Use of finance brokers	0	0	0	0	0	0
E2 Training our staff	2	0	0	2	0	4
<b>Dispute Resolution</b>	9	2	3	0	2	16
KP6 Deal fairly with any complaints	0	1	0	0	0	1
D27 Prompt, fair resolution of complaints	0	0	1	0	2	3
D28 Our complaints handling process	9	1	2	0	0	12
D29 External Dispute Resolution	0	0	0	0	0	0
D30 Complaints about Code breaches	0	0	0	0	0	0
<b>Promotion of the Code</b>	0	0	0	0	0	0
B Commitment to comply with Code	0	0	0	0	0	0
KP10 Support and promote Code	0	0	0	0	0	0
E1 Publicising the Code	0	0	0	0	0	0

**Table 14: Analysis of high volumes of self-reported Code breaches in 2018–19**

<i>Service Standards</i>	<i>Number of Code subscribers who self-reported breaches of this Service Standard</i>	<i>In % of total Code subscribers</i>	<i>Number of Code subscribers who self-reported high number of breaches</i>
<b>KP1 Be fair and ethical</b>	4	7%	1 Code subscriber self-reported 93% of total breaches
<b>KP5 Deliver high customer service</b>	18	29%	4 Code subscribers self-reported 88% of total breaches
<b>KP8 Comply with legal &amp; industry obligations</b>	21	34%	3 Code subscribers self-reported 50% of total breaches
<b>D2 product information</b>	13	21%	2 Code subscribers self-reported 78% of total breaches
<b>D19 copies of documents</b>	4	7%	1 Code subscriber self-reported 78% of total breaches
<b>D3 Interest rates, fees and charges</b>	18	29%	1 Code subscriber self-reported 32% of total breaches
<b>D4 Fair terms and conditions</b>	3	5%	1 Code subscriber self-reported 68% of total breaches
<b>D6 Responsible lending practices</b>	8	13%	3 Code subscribers self-reported 67% of total breaches
<b>D26 Debt collection and legal action</b>	2	3%	1 Code subscriber self-reported 93% of total breaches
<b>D23 Information privacy and security</b>	38	61%	7 Code subscribers self-reported 69% of total breaches

**Table 15: Number of self-reported Code breaches by size of Code subscriber in 2018–19**

<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	0	0	0	2	7	<b>9</b>
1 to 10	2	5	5	7	10	<b>29</b>
11 to 20	1	4	3	0	0	<b>8</b>
21 to 50	1	0	1	1	2	<b>5</b>
51 to 100	2	0	2	0	0	<b>4</b>
101 to 200	4	0	0	1	0	<b>5</b>
201 to 500	1	0	0	0	0	<b>1</b>
Over 500	1	0	0	0	0	<b>1</b>

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

**Table 16: Root causes of self-reported breaches by Code section in 2018-19**

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

	<i>incorrect process and procedure</i>	<i>process and procedure not followed</i>	<i>system error</i>	<i>manual error</i>	<i>insufficient training</i>	<i>staffing resources issue</i>	<i>staff misconduct</i>	<i>mail-house error</i>	<i>other</i>
<b>KP1 We will be fair and ethical in our dealings with you</b>	1	9		7	1				2
<b>KP2 We will focus on our members</b>		5					2		
<b>KP3 We will give you clear information about our products and services</b>	1	9	3	4	1				5
<b>KP4 We will be responsible lenders</b>		1							
<b>KP5 We will deliver high customer service and standards</b>	6	391	10	66	2	1	2	2	15
<b>KP6 We will deal fairly with any complaints</b>		1							
<b>KP8 We will comply with our legal and industry obligations</b>	24	94	17	24	8	3			21
<b>KP9 We will recognise our impact on the wider community</b>									1
<b>D1 Advertising</b>	1	3		4					3



	<i>incorrect process and procedure</i>	<i>process and procedure not followed</i>	<i>system error</i>	<i>manual error</i>	<i>insufficient training</i>	<i>staffing resources issue</i>	<i>staff misconduct</i>	<i>mail-house error</i>	<i>other</i>
<b>D3 Information on interest rates, fees and charges</b>		26	9	6	1				5
<b>D4 Fair terms and conditions</b>		1	4	3					
<b>D5 Reviewing fees and charges</b>	1	1							5
<b>D6 Responsible lending practices</b>	1	22		4					
<b>D9 Joint accounts</b>		9	1						
<b>D13 Third party products</b>	1		1		1				2
<b>D15 Timely, clear and effective communication</b>	1	1	4	1					1
<b>D16 Account statements and balances</b>	3	1	6	3					1
<b>D17 Notifying changes to your account</b>				3					
<b>D18 Electronic communications</b>				1					
<b>D18 Provision of statements and notices electronically</b>	1			1					
<b>D19 Copies of documents, statements and other information</b>		3		2				1	1
<b>D2 Information about our products</b>	3	25	3	4					2
<b>D20 Direct debit arrangements</b>	2	16		3	6				1
<b>D21 Seeking a chargeback on your behalf</b>				3					1
<b>D21.3 Cancelling recurring payment arrangements</b>		2			1				

	<i>incorrect process and procedure</i>	<i>process and procedure not followed</i>	<i>system error</i>	<i>manual error</i>	<i>insufficient training</i>	<i>staffing resources issue</i>	<i>staff misconduct</i>	<i>mail-house error</i>	<i>other</i>
<b>D22 Closing your account</b>	1			2					1
<b>D23 Information privacy and security</b>	8	89	13	93	2		3	3	15
<b>D24 If you are in financial difficulties</b>		2		1					
<b>D26 Debt collection and legal action</b>		1		1					
<b>D27 Prompt, fair resolution of complaints</b>		2			1				
<b>D28 Our complaints handling process</b>	1	2		1					
<b>E2 Training our staff</b>		1			2				
<b>Total</b>	<b>56</b>	<b>717</b>	<b>71</b>	<b>237</b>	<b>26</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>100</b>

**Table 17: 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.

	<b>Number of customer(s) impacted</b>	<b>Financial impact</b>
KP1 We will be fair and ethical in our dealings with you	95	\$2,023
KP2 We will focus on our members	9	\$0
KP3 We will give you clear information about our products and services	28,099	\$1,300
KP4 We will be responsible lenders	1	\$0
KP5 We will deliver high customer service and standards	5,977	\$206,662
KP6 We will deal fairly with any complaints	1	\$0
KP8 We will comply with our legal and industry obligations	39,910	\$653,957
KP9 We will recognise our impact on the wider community	1	\$0
D1 Advertising	498	\$1,763
D2 Information about our products	2,736	\$4,784
D3 Information on interest rates, fees and charges	15,254	\$55,810
D4 Fair terms and conditions	33,903	\$3,768,160
D5 Reviewing fees and charges	6	\$137
D6 Responsible lending practices	93	\$0
D9 Joint accounts	5	\$0
D13 Third party products	80	\$10
D15 Timely, clear and effective communication	16,240	\$0
D16 Account statements and balances	111,692	\$0
D17 Notifying changes to your account	700	\$0
D18 Electronic communications		\$10,818
D18 Provision of statements and notices electronically	3,710	\$0
D19 Copies of documents, statements and other information	34	\$2
D20 Direct debit arrangements	19	\$1,690
D21 Seeking a chargeback on your behalf	4	\$1,439
D21.3 Cancelling recurring payment arrangements	0	\$0
D22 Closing your account	579	\$270,134
D23 Information privacy and security	27,197	\$12,977
D24 If you are in financial difficulties	4	\$0
D26 Debt collection and legal action	15	\$0
D27 Prompt, fair resolution of complaints	3	\$150
D28 Our complaints handling process	9	\$0
E2 Training our staff	1	\$0
<b>Total</b>	<b>286,875</b>	<b>\$4,991,817</b>

# Appendix J: 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**

- Mortgage-linked offset accounts needed to be manually linked to new home loan accounts. This oversight caused reduced benefits to 67 offset accounts. The impacted customers were identified, accounts checked, contacted and refunded the gap in offset benefits.

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

- A staff member issued the incorrect version of the financial services guide (FSG) as a result of saving the wrong version on their computer. This breach impacted an estimated 25 customers. Although there was no financial impact, the Code subscriber audited all FSGs issued by the staff member and sent the correct FSG to all members impacted.

## **KP5 – We will deliver high customer service sand standards**

- System error outages caused by slow core banking system performances impacted 3,235 customers. No additional action was taken by the Code subscriber as the slow performance on the core banking system ceased.
- Bonus interest rates were not consistently applied to new, rollover or renewals as a result of a manual error. Bonus interest was retrospectively provided to the 40 impacted customers. The breach was reported to ASIC.

## **KP8 – We will comply with our legal and industry obligations**

- Some joint account holders were not receiving statements. The financial impact to the approximately 15,000 customers is currently under review. The Code subscriber is planning to write to impacted members to provide historical statements and options for how they would like to receive their statements. This breach was reported to ASIC.
- A customer ordered a new card via a mobile phone app. The card was sent to an old address and identified via a complaint by the impacted customer. A new card was re-issued, and the mobile app will be reviewed to include additional steps for rechecking postal addresses.
- Call recording disclosure statement was not provided at the start of an outbound call which impacted one customer. This was identified through a quality assurance review. The staff member received additional training on the process and procedure.

## **D2 Information about our products**

- Home loan key fact sheets were outdated and non-compliant with ASIC's standard format. Based on website views, this impacted 9,981 customers. However, the

content was not outdated, incomplete or misleading. The Code subscriber published the revised fact sheet on their website.

- A customer was provided with incorrect product information. The customer was contacted and provided with the correct information. There was no financial impact to the customer.
- A Code subscriber issued a product booklet which lacked reference to the full terms and conditions with no specific products mentioned. The error was identified by the compliance department. No customers were impacted, and the book was reprinted following review and approval by the compliance department.

### **D3 – Information on interest rates, fees and charges**

- ATM fees were incorrectly applied to 973 customers who used the Code subscriber's ATM network, which led to a financial impact of \$5,583. The error was identified by the Code subscriber's IT team. All customers who were impacted were contacted and fees reversed. The system issue was identified and updated.
- A customer was provided incorrect information about the process of interest calculation. As a result, the staff member received refreshed training.
- The words 'up to' were omitted about an interest-free period in an email to existing cardholders. Based on the number of cardholders who received the email, 978 customers were impacted. As such, communications were stopped until the email was corrected, and new terms and conditions were sent to all cardholders.

### **D6 – Responsible lending practices**

- There was a failure to make reasonable enquiries and verification about the ability of 28 account holders to service their loan. As such, coaching and supervision had increased, as process and procedures were not followed.
- Two loan suitability assessments omitted the applicant's income. This issue was addressed with the staff member. No financial impact resulted from this breach.

### **D19 – Copies of documents, statements and other information**

- Due to a system error, seven customers did not receive renewal letters from the third-party general insurance broker. The third party re-issued the back-dated policy with a month's free insurance.
- On 13 customer accounts, there was no evidence that a copy of the financial services guide or other product information were provided. As such, the Code subscriber reviewed the policy and processes and reminded staff of these requirements.

### **D20 – Direct debit arrangements**

- A direct debit form completed by the customer was not processed. The customer made a complaint in person and requested a refund. The customer was reimbursed the full amount of the direct debit and staff training was provided to reinforce processing requests.

### **D23 – Information privacy and security**

- A customer's active card number and expiry date were included in a report as a stock photo. The Code subscriber checked existing stock photos and blurred out customer details. The customer was contacted, informed of the breach, card cancelled, re-issued and provided a gift card.
- Marketing material was sent to 30,000 customers who had not opted in for marketing emails. As such, the internal checklist was updated, and staff training provided.
- 161 tax file numbers (TFNs) were not redacted prior to storage on IT systems. The stored records were amended to remove TFNs and a review of existing procedures and training was provided to staff.

# Appendix K: Comparative data of self-reported complaints

**Table 18: Self-reported complaints since 2014–15**

	2014–15		2015–16		2016–17		2017–18		2018–19		
	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%	
Total number of self-reported complaints	16,709		14,100		18,662		21,615		26,899		
	<b>Category</b>										
Service / Products involved in complaints	Credit	1,608	9%	1,665	12%	2,987	16%	3,350	15%	4,002	15%
	Deposit taking	1,930	12%	2,655	19%	7,444	40%	7,450	34%	11,349	42%
	Investments	230	1%	76	<1%	1,950	10%	133	<1%	88	<1%
	Payment systems	3,746	22%	3,789	27%	3,508	19%	7,174	33%	6,402	24%
	Pre-paid cards <sup>29</sup>	n/a	n/a	n/a	n/a	n/a	n/a	188	<1%	176	<1%
	General insurance	263	2%	175	1%	349	2%	173	<1%	327	1%
	Ad-on general insurance products <sup>30</sup>	n/a	n/a	n/a	n/a	n/a	n/a	22	<1%	31	<1%
	Life insurance	0	0%	3	<1%	49	<1%	15	<1%	4	<1%
	Traditional trustee services	6	<1%	11	<1%	1,169	6%	13	<1%	29	<1%
	Other <sup>31</sup>	8,926	53%	5,726	41%	1,206	6%	3,097	14%	4,491	17%
	<b>Category</b>										
Issues involved in customer complaints	Advice	413	2%	705	5%	857	5%	723	3%	525	2%
	Charges	4,792	29%	2,829	20%	2,131	11%	2,256	10%	3,789	14%
	Disclosure	279	2%	334	2%	1,810	10%	908	4%	1,608	6%
	Financial difficulty/responsible lending	174	1%	117	<1%	546	3%	213	1%	390	1%
	Decision by Code subscriber	565	3%	1,005	7%	3,887	21%	2,390	11%	2,412	9%

<sup>29</sup> New category in 2017-18.

<sup>30</sup> New category in 2017-18.

<sup>31</sup> 'Other' represents the number of complaints that were not further specified by Code subscribers.

		2014–15		2015–16		2016–17		2017–18		2018–19	
		Total	In %	Total	In %	Total	In %	Total	In %	Total	In %
	Instructions	624	4%	1,093	8%	1,156	6%	2,031	9%	2,099	8%
	Privacy	103	<1%	118	<1%	223	1%	305	1%	483	2%
	Service	3,083	18%	4,318	31%	4,393	24%	6,967	32%	10,386	39%
	Transactions (ATM issues only) <sup>32</sup>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	379	1%
	Transactions	3,104	19%	2,201	16%	2,180	12%	3,259	15%	2,671	10%
	Other	3,572	22%	1,380	10%	1,479	8%	2,563	12%	2,157	8%
<b>Category</b>											
<b>Outcome</b>	In favour of Code subscriber	822	5%	1,013	7%	2,493	13%	1,971	9%	3,053	11%
	In favour of customer	6,022	36%	4,968	35%	4,806	26%	8,011	37%	6,976	26%
	Mutual agreement	3,228	19%	3,117	22%	6,213	33%	5,510	25%	10,960	41%
	Referred to External Dispute Resolution	177	1%	258	2%	247	1%	188	<1%	309	1%
	Withdrawn	119	<1%	123	<1%	376	2%	641	3%	422	2%
	Customer taken legal action	8	<1%	3	<1%	4	<1%	4	<1%	0	0%
	General feedback	5,675	34%	3,704	26%	3,828	21%	4,629	21%	4,378	16%
	Unresolved as at 30 June	50	<1%	80	<1%	226	1%	173	<1%	366	1%
	Other	608	4%	834	6%	469	3%	488	2%	435	2%
	<b>Category</b>										
<b>Timeframe</b>	Resolved within 21 days	15,606	93%	13,078	93%	16,725	90%	19,009	88%	24,785	92%
	Resolved within 45 days	797	5%	571	4%	1,149	6%	1,797	8%	950	4%
	Resolved beyond 45 days	256	2%	185	1%	501	3%	369	2%	649	2%
	Unresolved as at 30 June	50	<1%	80	<1%	155	<1%	171	<1%	367	1%
	Other	0	0%	186	1%	132	<1%	269	1%	148	<1%

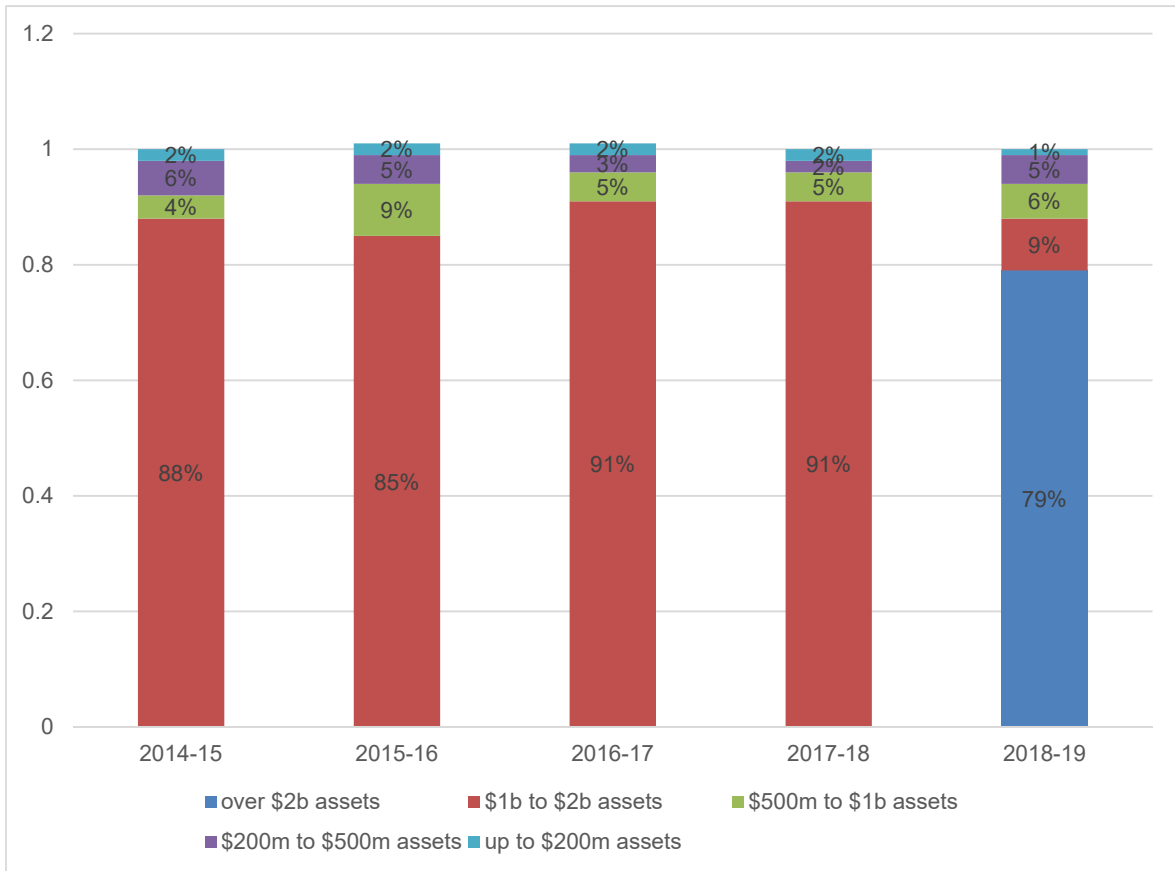
<sup>32</sup> New category introduced in the 2019 ACS, previously reported as one category in 'Transactions'.



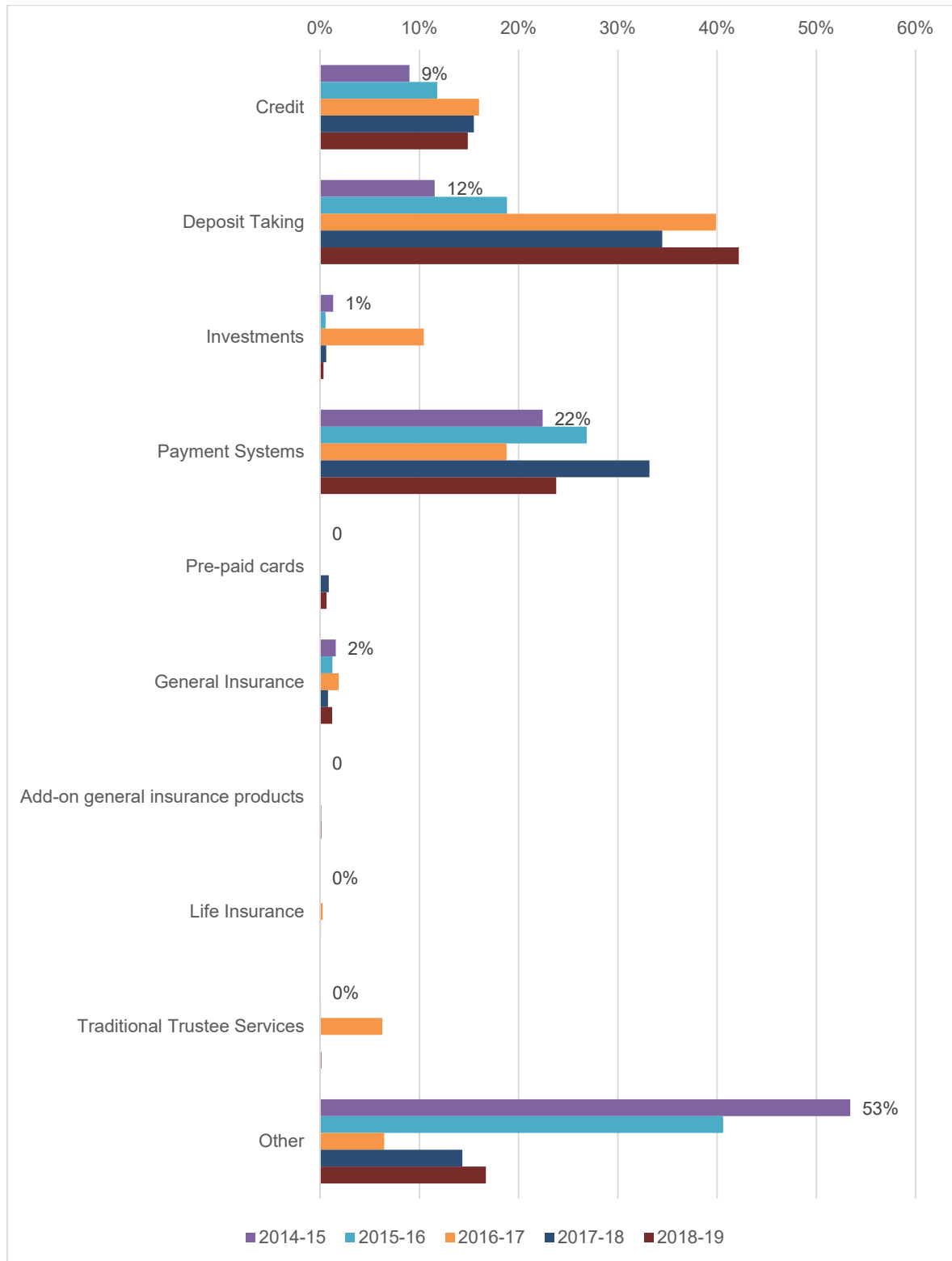
**Table 19: Number of Code subscribers self-reporting complaints since 2014–15**

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

**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 20: Definitions for service/product**

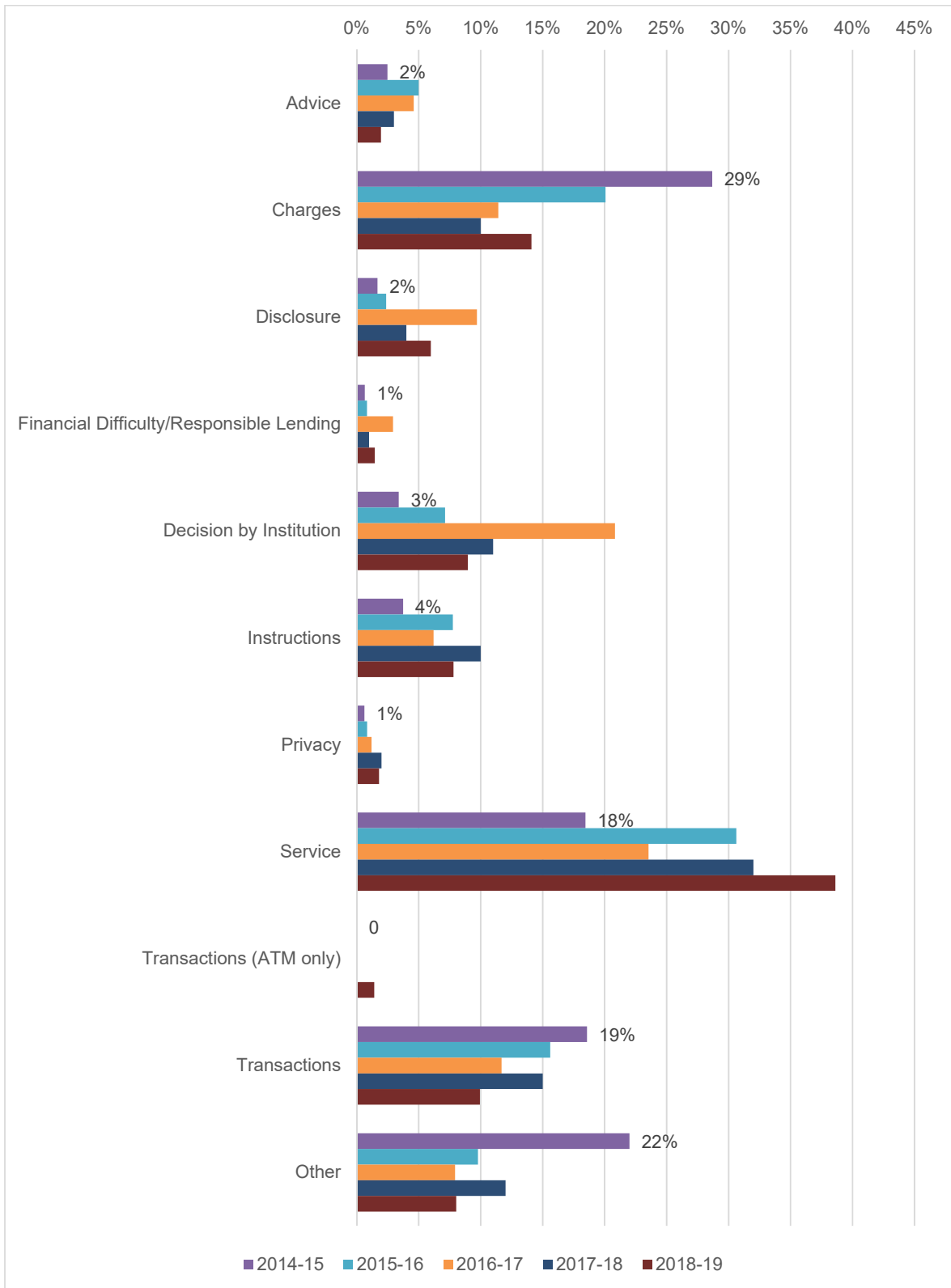
<b>Credit</b>	<p>Business finance (Business credit card, Business loans, Commercial bills, Hire purchase/lease, Letter of credit, Line of credit/overdraft, Non-FSP debt)</p> <p>Consumer credit (Construction loans, Credit cards, Equity release, Hire purchase/lease, Home loans, Interest-free finance, Investment 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>
<b>Deposit taking</b>	<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>
<b>Investments</b>	<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>
<b>Payment systems</b>	<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>
<b>Pre-paid cards<sup>33</sup></b>	Gift cards, prepaid debit or credit cards, foreign currency travel cards
<b>General insurance</b>	Domestic insurance

<sup>33</sup> New category in 2017–18.

	<p>(Consumer credit 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 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>
<b>Add-on general insurance products<sup>34</sup></b>	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
<b>Life insurance</b>	<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>
<b>Traditional trustee services</b>	<p>Estate management</p> <p>Estate planning (Enduring powers of attorney, Wills)</p> <p>Trusts (Beneficiary, Specific purpose)</p>
<b>Other</b>	Number of complaints that were noted by the Code subscriber, but not further identified regarding the service/product involved

<sup>34</sup> New category in 2017–18.

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

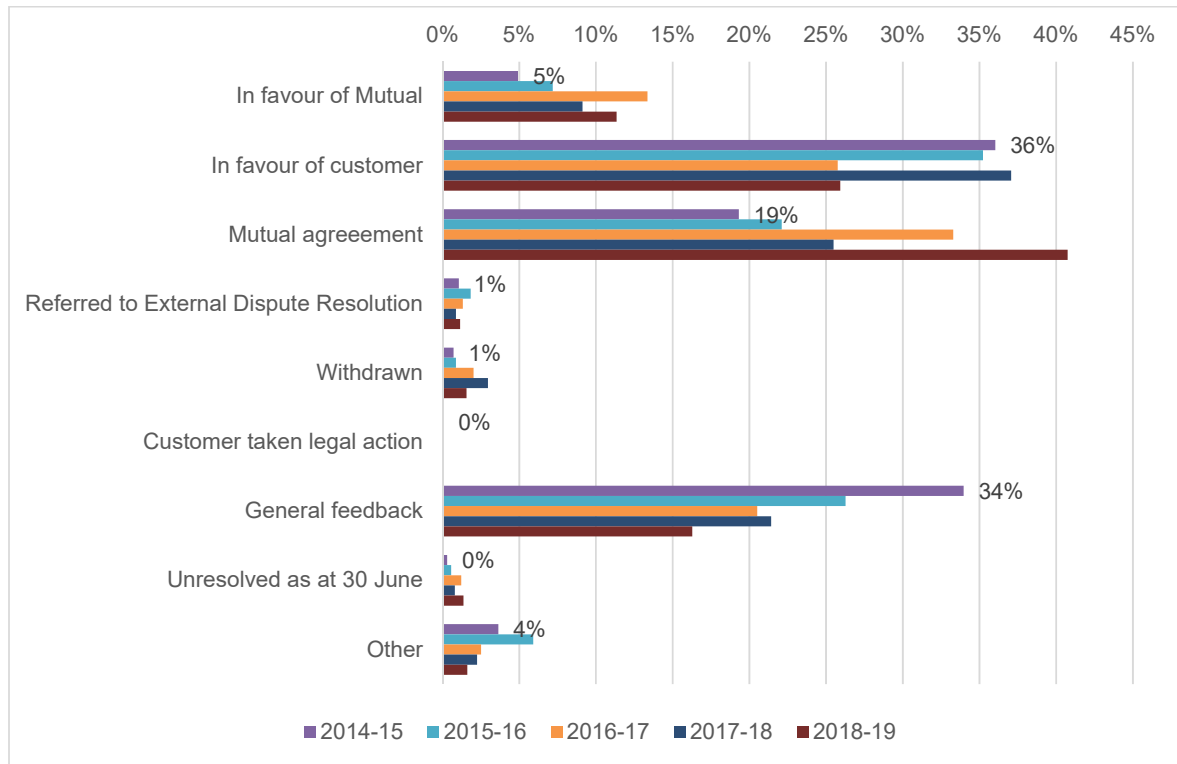


**Table 21: Definitions for issue**

<b>Advice</b>	Failure to act in client's best interest, Failure to prioritise client's interests, Failure to provide advice, Inappropriate advice, Incorrect advice
<b>Charges</b>	Break costs, Deductible or excess, Incorrect commissions, Incorrect fees/costs, Incorrect interest added, Incorrect premiums, No claim bonus
<b>Disclosure</b>	Break costs, Deductible or excess, Incorrect commissions, Incorrect fees/costs, Incorrect interest added, Incorrect premiums, No claim bonus
<b>Financial difficulty / Responsible lending</b>	Decline of financial difficulty request, Default notice, Failure to respond to request for assistance, Request to suspend enforcement proceedings
<b>Code subscriber's decision</b>	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
<b>Instructions</b>	Delay, Failure to follow instructions/agreement, Incorrectly processed instructions
<b>Privacy and confidentiality</b>	Consumer credit reporting, Failure/ refusal to provide access, Other privacy breaches, Unauthorised information disclosed
<b>Service</b>	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
<b>Transaction (ATM issues only)<sup>35</sup></b>	ATM issues only
<b>Transaction</b>	Dishonoured transactions, Incorrect payment, Mistaken Internet payment, Unauthorised transactions
<b>Other</b>	General feedback provided by client, Improvement suggestion, Expression of opinion

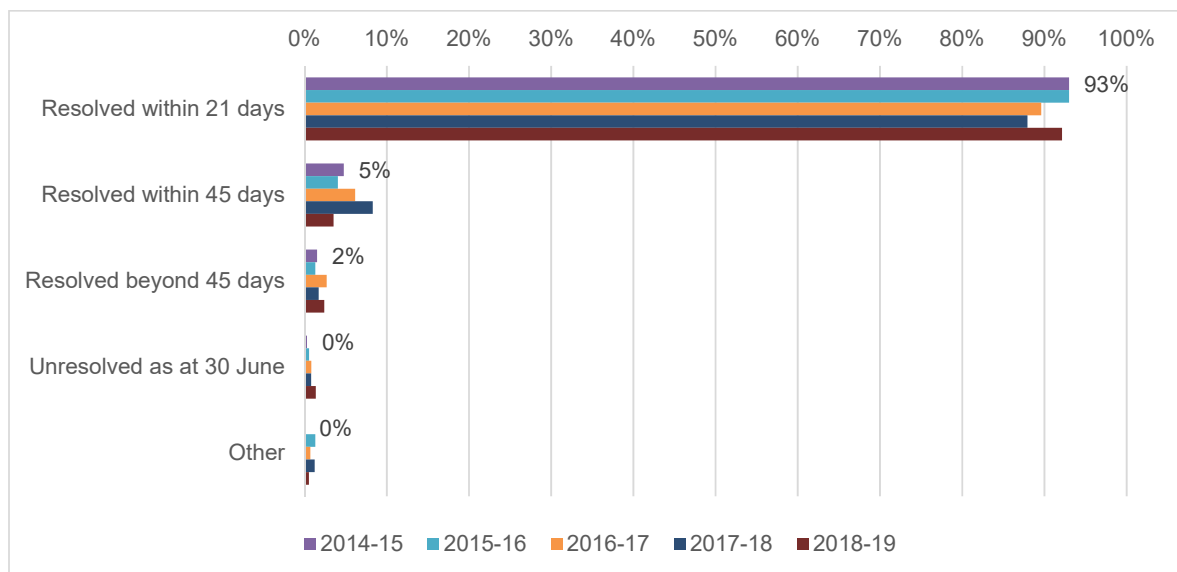
<sup>35</sup> New category introduced in the 2019 ACS.

**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 L: Self-reported complaints data by size of Code subscriber

**Table 22: Self-reported complaints categories by size of Code subscriber in 2018–19**

	Category	Cat A	Cat B	Cat C	Cat D	Cat E	Total
	<b>Grand Total</b>	<b>21,131</b>	<b>2,553</b>	<b>1,486</b>	<b>1,390</b>	<b>339</b>	<b>26,899</b>
<b>Service/Products involved in complaints</b>	Credit	3,015	398	226	307	56	<b>4,002</b>
	Deposit taking	9,371	584	754	559	81	<b>11,349</b>
	Investments	72	8	4	3	1	<b>88</b>
	Payment systems	4,549	1,160	374	130	189	<b>6,402</b>
	Pre-paid cards	125	44	5	0	2	<b>176</b>
	General insurance	130	82	65	50	0	<b>327</b>
	Add-on general insurance products	12	11	2	4	2	<b>31</b>
	Life insurance	3	1	0	0	0	<b>4</b>
	Traditional trustee services	26	2	1	0	0	<b>29</b>
	Other	3,828	263	55	337	8	<b>4,491</b>
<b>Issues involved in customer complaint</b>	Advice	401	43	65	10	6	<b>525</b>
	Charges	3,411	169	97	63	49	<b>3,789</b>
	Disclosure	1,465	47	17	71	8	<b>1,608</b>
	Financial difficulty	305	14	10	49	12	<b>390</b>
	Decision by Code subscriber	2,024	156	178	49	5	<b>2,412</b>
	Instructions	1,690	256	67	77	9	<b>2,099</b>
	Privacy	420	27	15	19	2	<b>483</b>
	Service	8,760	441	517	646	22	<b>10,386</b>
	Transactions (ATM issues only)	107	159	18	65	30	<b>379</b>
	Transactions	914	880	454	235	188	<b>2,671</b>
	Other	1,634	361	48	106	8	<b>2,157</b>
<b>Outcome of customer complaint</b>	In favour of Code subscriber	2,000	568	410	43	32	<b>3,053</b>
	In favour of customer	5,135	1,251	102	243	245	<b>6,976</b>
	Mutual agreement	10,016	415	359	149	21	<b>10,960</b>



	Category	Cat A	Cat B	Cat C	Cat D	Cat E	Total
	Referred to External Dispute Resolution	232	41	28	8	0	<b>309</b>
	Withdrawn	338	31	18	20	15	<b>422</b>
	Customer taken legal action	0	0	0	0	0	<b>0</b>
	General feedback	2,775	147	559	881	16	<b>4,378</b>
	Outstanding	224	94	4	37	7	<b>366</b>
	Other	411	6	6	9	3	<b>435</b>
	Resolved within 21 days	19,541	2,293	1,428	1,328	195	<b>24,785</b>
	Resolved within 45 days	711	110	31	32	66	<b>950</b>
	Resolved beyond 45 days	497	52	11	18	71	<b>649</b>
	Unresolved as at 30 <sup>th</sup> June 2019	256	89	8	7	7	<b>367</b>
	Other	126	9	8	5	0	<b>148</b>

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

**Table 23: Number of self-reported complaints by size of Code subscriber in 2018–19**

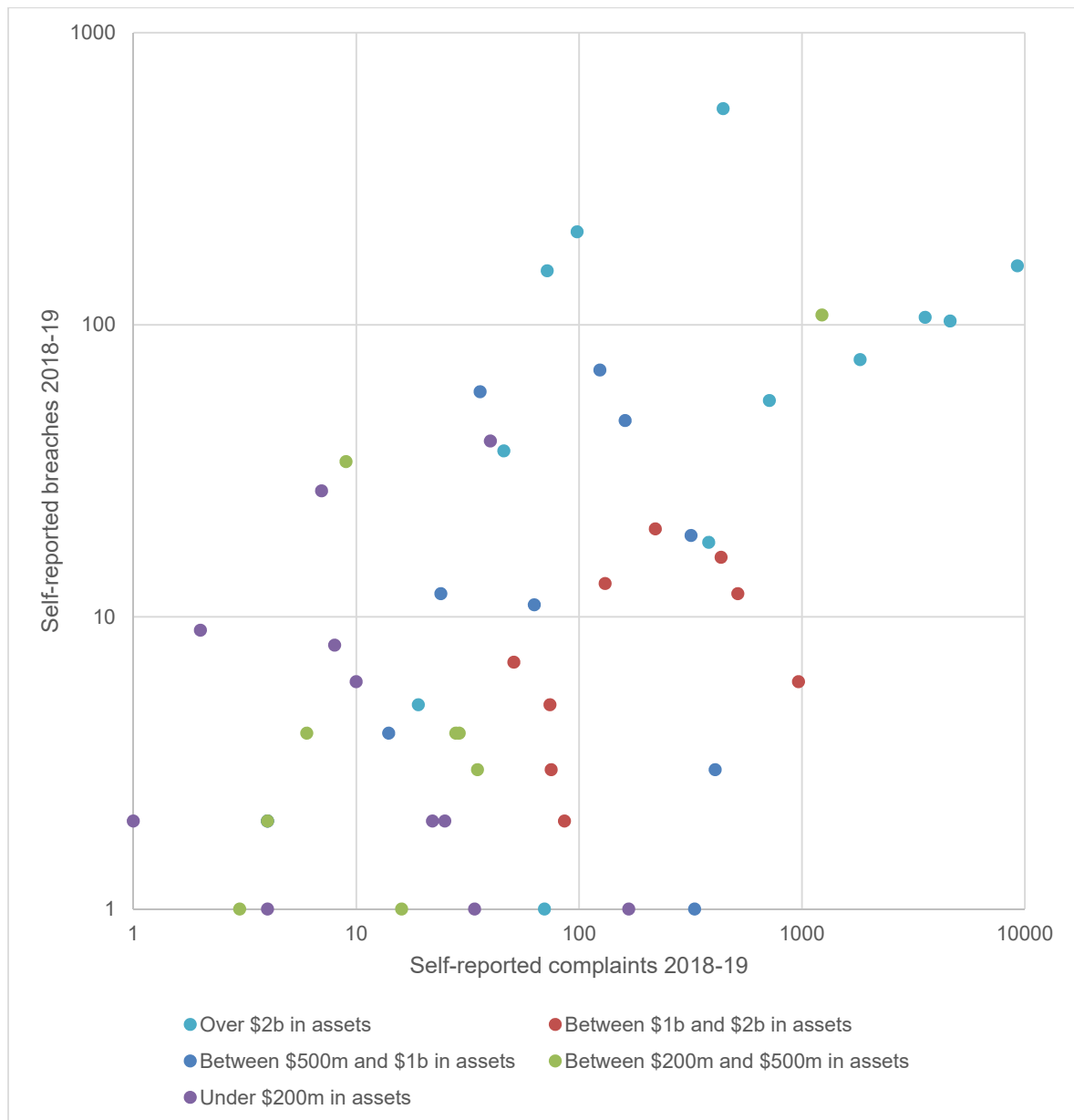
Number of self-reported complaints	Cat A	Cat B	Cat C	Cat D	Cat E	Total
<b>Nil</b>	1	1	1	0	4	<b>7</b>
<b>1 to 10</b>	0	0	2	5	11	<b>18</b>
<b>11 to 20</b>	0	0	0	2	2	<b>4</b>
<b>21 to 50</b>	2	1	5	2	1	<b>11</b>
<b>51 to 100</b>	0	4	1	2	0	<b>7</b>
<b>100 to 1,000</b>	6	3	2	0	1	<b>12</b>
<b>Over 1,000</b>	3	0	0	0	0	<b>3</b>

**Table 24: Analysis of high volumes of self-reported Code breaches in 2018–19**

<b>Complaints</b>	<b>Number of Code subscribers who self-reported complaints in this area</b>	<b>In % of total Code subscribers</b>	<b>Number of Code subscribers who self-reported high number of complaints</b>
<b>Product: Credit</b>	46	74%	2 Code subscribers self-reported 55% of total complaints
<b>Product: Deposit taking</b>	49	79%	7 Code subscribers self-reported 89% of total complaints
<b>Product: Payment systems</b>	45	73%	3 Code subscribers self-reported 76% of total complaints
<b>Issue: Charges</b>	40	65%	3 Code subscribers self-reported 83% of total complaints
<b>Issue: Disclosure</b>	22	36	2 Code subscribers self-reported 82% of total complaints
<b>Issue: Decision by Code subscriber</b>	28	45%	1 Code subscriber self-reported 75% of total complaints
<b>Issue: Instructions</b>	36	58%	1 Code subscriber self-reported 30% of total complaints
<b>Issue: Privacy</b>	32	52%	2 Code subscribers self-reported 71% of total complaints
<b>Issue: Service</b>	43	69%	6 Code subscribers self-reported 90% of total complaints
<b>Issue: Transactions</b>	36	58%	1 Code subscriber self-reported 14% of total complaints
<b>Issue: Other</b>	30	48%	4 Code subscribers self-reported 73% of complaints

# Appendix M: Relationship self-reported Code breaches to complaints

**Chart 9: Comparison of number of self-reported Code breaches to self-reported complaint by size of Code subscriber in 2018–19**



# Appendix N: Compliance monitoring activities

**Table 25: 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.

Code monitoring activity	Cat A	Cat B	Cat C	Cat D	Cat E	Total
Code information available on your website and branches	6	8	9	10	19	52
Information on your internal dispute resolution (IDR) process on your website	8	8	8	10	18	52
Information on your external dispute resolution (EDR) process on your website	9	8	9	10	18	54
Checklist outlining IDR timeframes	4	5	5	6	11	31
Direct debit cancellation process	10	5	8	11	18	52
Responsible lending obligations	11	7	7	11	18	54
Dealing with customers in financial difficulty	6	3	6	8	19	42
Identifying and assisting customers affected by family violence	5	1	6	7	6	25
Identifying and assisting customers affected by elder abuse	4	2	8	8	10	32
Privacy obligations	10	6	7	10	18	51
Obligations concerning co-borrowers	4	2	2	5	13	26
Obligations concerning guarantors	4	2	2	5	12	25
Chargeback obligations	5	3	2	7	17	34
Other <sup>36</sup>	3	2	1	1	1	8

<sup>36</sup> Other included review of:

- Leadership team presentations and monitoring
- Internal dispute resolution process and timeframes for complaints resolved on the spot
- First and second line monitoring and reporting of risk incidents
- Functionality of breach reporting process
- Training opportunities

# Appendix O: Definitions

## 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 26: Categorisation of Code subscribers**

<i>Size of Code subscriber</i>	<i>Prior to 2015–16 measured by staff numbers</i>	<i>Since 2015–16 measured by \$ amount in assets</i>	<i>Since 2018–19 additional category</i>
<b>Category A<sup>37</sup></b>	–	–	over \$2b in assets
<b>Category B</b>	over 100 full time equivalent staff	over \$1b in assets	\$1b to \$2b in assets
<b>Category C</b>	31 to 100 full time equivalent staff	\$500m to \$1b in assets	\$500m to \$1b in assets
<b>Category D</b>	up to 30 full time equivalent staff	\$200m to \$500m in assets	\$200m to \$500m in assets
<b>Category E</b>	included in above	up to \$200m in assets	up to \$200m in assets

## Categorisation of significant Code breaches

Prior to 2017–18 Code subscribers were requested to self-report significant Code breaches with reference to:

- similar breaches of this nature that have occurred in the organisation
- the number of customers affected
- the adequacy of arrangements to ensure compliance with this Code
- the extent of any customer detriment
- the rectification and other costs incurred, and
- the duration over which the breach occurred.

Since 2017–18 Code subscribers have not been asked to distinguish between Code breaches and significant Code breaches. They have, however, been required to provide detailed information for all self-reported breaches.

## Reporting period

Reporting periods relate to the period 1 July of previous year to 30 June of current year.

<sup>37</sup> Prior to 2018–19 Category A was included in Category B