



CUSTOMER OWNED BANKING
CODE COMPLIANCE COMMITTEE

ANNUAL DATA REPORT 2022-23


May 2024

cobccc.org.au

We acknowledge the traditional custodians of the different lands across Australia and pay respect to Elders past and present.

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CHAIR'S MESSAGE

I am pleased to present our latest report on the results of our monitoring and oversight of compliance with the Customer Owned Banking Code of Practice (the Code). This report covers breaches reported between 1 July 2022 and 30 June 2023.

The 2022-23 reporting period was marked by transition between the 2018 and 2022 codes, with the new Code taking effect on 31 October 2022. This brought about complexities in our reporting mechanisms, necessitating a flexible approach to ensure the relevance and accuracy of the insights we could draw from the data.

In addition to the introduction of the new Code and its updated obligations, customer-owned banking institutions (COBs) were also confronted with a changing landscape, particularly in relation to inclusive banking, vulnerable customers, and business lending.

How the industry responds to these challenges shapes public perception and expectations. Under such circumstances, adhering to the promises contained in the Code takes on greater importance.

In the 2022-23 reporting period, we saw a pleasing decrease in the number of COBs reporting zero breaches, dropping from 13 to four. This result is likely an indication of enhanced reporting practices and signals an improving commitment to self-reporting of breaches and complaints, which can only improve the customer experience and increase customer confidence.

However, despite the positive increases in breach and complaints reporting, our view is that there is still work to be done to enhance the quality and accuracy of reporting.

Addressing information gaps remains a priority. Inconclusive data and a reliance on using the 'other' category to describe the nature of breaches and complaints in reporting persists. Furthermore, gaps in identifying breach risk ratings and whether breaches are systemic are concerning. It is crucial that COBs improve their performances in the areas of breach identification and remediation, if sustainable gains are to be made in reducing breaches.

We observed notable increases in reported breaches in areas related to financial well-being. These increases may be partially attributable to better reporting practices, which, from the data provided to us, indicates better identification and capture of breaches, which may have in the past gone undetected and unreported.

However, the number of breaches in this area is still concerning, especially in the context of the current cost-of-living pressures and warrants attention. We expect to see improvements in this area in the coming year.

Providing clear information and regular reviews of interest rates, fees, and charges, as required by the Code, is also an area requiring greater attention. Similarly, the exercise of care and skill in lending practices, particularly amidst the current economic climate, must be improved.

Attention to these areas not only enhances financial security for customers, but it also shapes how the industry supports customers experiencing financial hardship. We expect to see improvements from COBs in these areas in the coming period.

In relation to remediation of breaches, we urge COBs to look beyond training as a fix-all solution. Remediation efforts must focus on comprehensive root cause analyses and proactive measures, such as changes to processes and systems, to prevent recurrence.

As well as immediate actions, successful breach remediation demands a sustained focus on enhancing and reviewing preventive measures.

Where we see COBs falling short of Code obligations, we engage with them to understand their issues and ensure that they take appropriate action to address areas of concern. We remain committed to working with COBs to build a culture of compliance, transparency, accountability, and continuous improvement that ultimately benefits both customers and the industry.

Jocelyn Furlan
Independent Chair
Customer Owned Banking
Code Compliance Committee

May 2024

INTRODUCTION

The Annual Data Report provides analysis of the breaches and complaints reported by customer-owned banking institutions (COBs) to the Customer Owned Banking Code of Practice (the Code) for the period from 1 July 2022 to 30 June 2023.

It also includes our observations on compliance with the Code, along with guidance and recommendations for COBs.

As part of the 2022-23 Annual Compliance Statement (ACS), 57 COBs provided data on breaches and complaints.

Following submission of the ACS, we contacted all 57 COBs to verify their data, gather valuable insights into their compliance practices, and address questions or concerns. We are grateful for the co-operation of the COBs in this work.

This report is a result of those efforts and provides a unique and valuable look at the industry for the 2022-23 reporting period.



Note: In this report, we use the simple acronym COB to refer to the customer-owned banks and credit unions that subscribe to the Customer Owned Banking Code of Practice.

SNAPSHOT

INDUSTRY



57 COBs

subscribe to the Code

(up from 55 in 2021-22)



10,400

employees

(up from 9,600 in 2021-22)



663

branches

(up from 644 in 2021-22)



8.78 million

accounts

(down from 9.13 million in 2021-22)



3.9 million members

(up from 3.6 million in 2021-22)

Category	COBs		Branches		Staff	Members		Accounts	
TOTAL	57	↑ 2	663	↑ 19	10,437	3.964m	↑ 10%	8.783m	↓ 4%
CAT AA (Assets > \$5B)	9	=	287	↓ 9	6,324	2.447m	↑ 7%	5.518m	↑ 6%
CAT A (Assets \$2B - \$5B)	7	↑ 1	137	↑ 7	1,689	670,000	↑ 26%	1.465m	↓ 30%
CAT B (Assets \$1B - \$2B)	13	↓ 1	121	↑ 4	1,480	511,000	↑ 3%	1.079m	↓ 11%
CAT C (Assets \$500M - \$1B)	8	↑ 2	49	↑ 13	502	171,000	↑ 39%	371,600	↑ 45%
CAT D (Assets \$200M - \$500M)	12	=	42	↓ 2	300	100,000	↓ 13%	207,800	↑ 5%
CAT E (Assets < \$200M)	8	=	26	↑ 5	143	64,000	↑ 14%	140,200	↑ 4%

BREACHES

4,624

breaches of the Code

(up 82% from 2,544 in 2021-22)



Highest number of breaches reported since the inception of the Code in 2010.

39 of 57
COBs

reported a higher number of breaches



812,000

customers reported as impacted by a breach

(up 11% from 731,000 in 2021-22)



1,048

breaches identified as systemic

(up from 117 in 2021-22)



\$3.05 million

financial impact to customers

(pre-remediation)



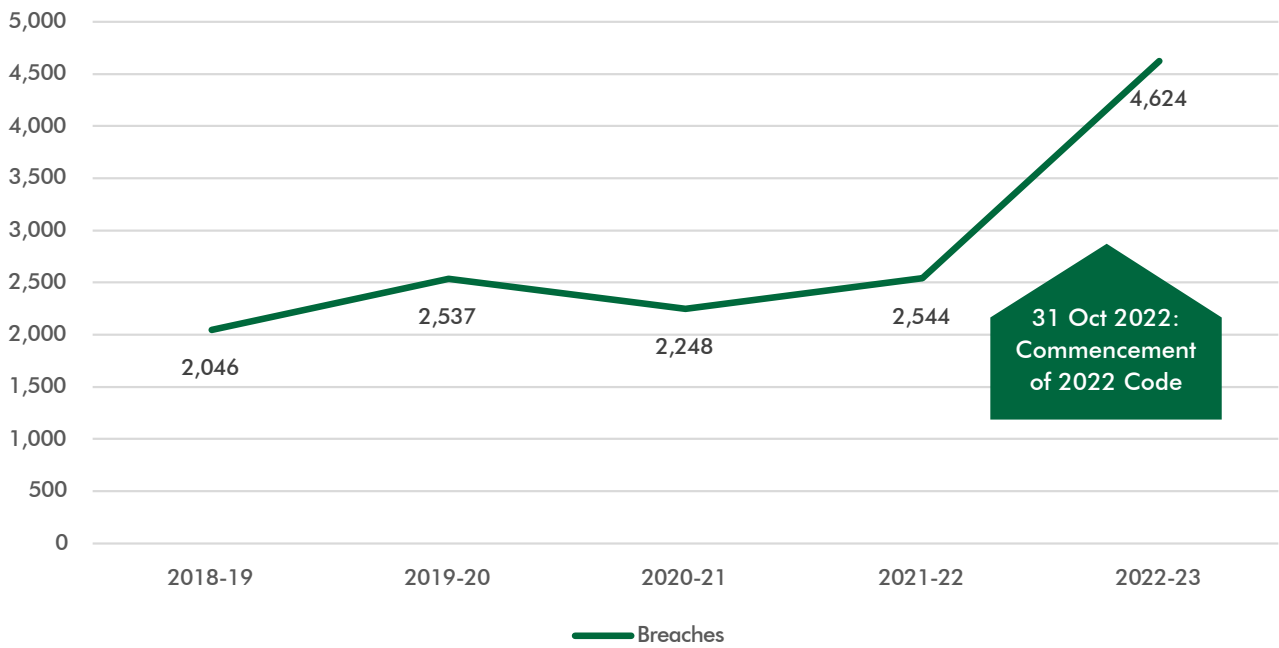
32 breaches

required urgent management attention and posed a serious risk to business operations

(up from four in 2021-22)



Five-year trend in total reported breaches



COMPLAINTS

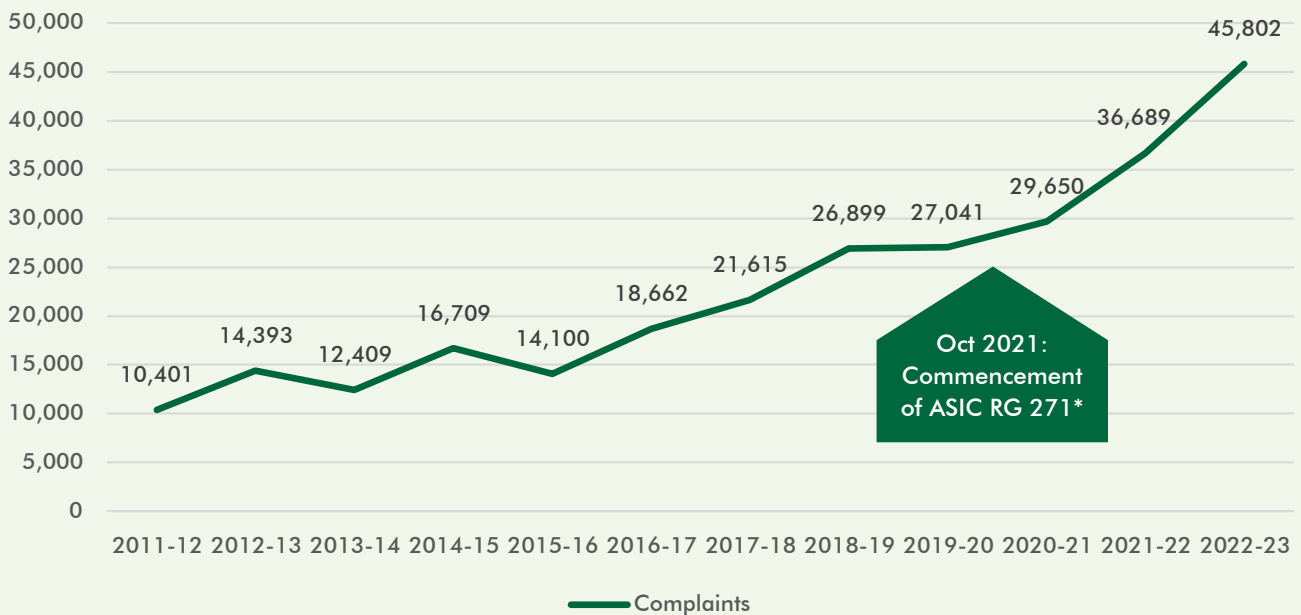
45,802

complaints reported by COBs

(up 25% from 36,689 in 2021-22)



Highest increase since the collection of complaints data in 2011.



* ASIC Regulatory Guide 271 'Internal dispute resolution' (RG 271) increased requirements for recording and reporting complaints.

MOST BREACHED CODE AREAS



Privacy

1,095 breaches

(up 35% from 811)



Key promise

793 breaches

(down 11% from 894)



Interest rates,
fees, charges

644 breaches

(up 246% from 186)



Training staff

333 breaches

(up 420% from 64)



Lending

252 breaches

(up 250% from 72)

TOP 5 BREACHED SECTIONS (2022 CODE)

Code section	Breaches
Part B, sect. 168 - We will treat your personal and financial information as private and confidential. We will not disclose that information to any other organisation unless we are required or permitted by law to do so.	716
Part B, sect. 150 - If we exercise our right to combine your accounts, we will inform you promptly after doing so.	500
Part B, sect. 13 - We will make sure our staff and agents or representatives are well trained so that they can competently do their work.	330
Part B, sect. 129 - Interest rates and fees and charges applying to our products and facilities will be readily available to customers and the public. The information will be clear, concise and up to date. We will regularly review the effectiveness of our disclosure to customers of this information.	211
Part A, sect. 6 - We will deliver services with reasonable care and skill.	207

TOP 4 BREACHED SECTIONS BY FINANCIAL IMPACT (2022 CODE)

Code section	Breaches
Part A, sect. 3 - We will not mislead or deceive.	\$233,203
Part B, sect. 76 - We will exercise the care and skill of a diligent and prudent banker when lending to an individual customer or Small Business. This obligation is also for the benefit of your guarantor.	\$233,040
Part B, sect. 131 - When issuing you with a new product or facility, we will provide you with information...	\$143,133
Part A, sect. 4 - We will act honestly and fairly.	\$131,784

Note: In the 2022-23 reporting period COBs reported breach and complaints data against both the 2018 Code and 2022 Code. The 2018 Code applied for 1 July 2022 to 30 October 2022. The 2022 Code applied for 31 October 2022 to 30 June 2023.

GENERAL FINDINGS

We use the data we collect to evaluate industry-wide issues and trends, providing a unique overview of the customer-owned banking sector.

It also allows us to provide COBs with individual reports, which track their compliance performance and offer insightful comparisons with industry peers.

When the data indicates concerns, we engage with COBs on the issues and work to ensure they address breaches and mitigate risks of further non-compliance.

CAUSE OF BREACHES

The top root causes of breaches reported by COBs were:

- process and procedure not followed (47%)
- manual error (24%)
- incorrect process and procedure (8%)
- system error or failure (8%)

It is imperative that COBs prioritise reducing the number of breaches caused by human error, which has consistently been the predominant cause in recent years.

At the same time, there has been a notable increase in COBs failing to fulfil their obligation to ensure staff and agents or representatives receive adequate training (section 13 of the 2022 Code). In 2022-23, 17 COBs reported 333 breaches of this obligation, a significant increase of 420% on the previous year's reported total of 64.

Adequate staff training is critical for improving compliance with the Code and delivering good customer outcomes.

In addition to improving training programs, COBs should investigate the underlying root cause of breaches and explore the use of automation and technology to minimise human error.



All COBs should regularly audit processes, systems and controls to support compliance with the Code and identify opportunities to enhance compliance practices.

IMPACT OF BREACHES

The number of customers that COBs reported as impacted by Code breaches increased in 2022-23.

The breaches with the greatest customer impact related to:

- Key Promises – 266,745
- Account Statements and Balances – 233,518
- Staff Training – 65,912

While breaches associated with Staff Training impacted fewer customers, it is important to consider the potential indirect impact on other areas. Deficiencies or gaps in staff training could be leading to errors that affect a larger number of customers.

Therefore, it is crucial that COBs maintain a consistent program of investment and development in staff training, including reviews of the effectiveness of their training programs.

The breaches that had the greatest financial impact were associated with:

- Key Promises – \$1,805,686
- Interest rates, fees and charges – \$546,877
- Lending – \$233,040

The fluctuation in recent reporting periods is due to individual COBs reporting single breaches that had a high financial impact.

During this reporting period, there was a notable increase in reported breaches of a systemic nature, rising from 117 to 1,048. Additionally, reports of breaches requiring urgent management attention increased from 4 to 32.

Reporting according to these classifications was introduced in June 2022. Consequently, COBs were not required to provide the information for the 2021-22 reporting period.

It is encouraging to see that COBs have amended their compliance frameworks to use the systemic breach classifications to help identify the seriousness of breaches.

The increase in the reported numbers of serious breaches during the 2022-23 reporting period is attributable to the improved reporting practices in the industry.

REMEDIATION

Short-term remediation aims to address the immediate impact of a breach, serving as a stepping stone towards systemic changes that address the root cause of the breach and prevent further occurrences.

The top three short term remedial actions reported in 2022-23 were:

- Consequence Management (35%)
- Other (25%)
- Apology (8%)

When reviewing the information COBs provided for 'Other', we found that in most cases the remediation involved training.

We are concerned with the prominence of 'Other' as a response to remediation. This suggests that some COBs are struggling to specify and categorise remediation efforts. COBs can do more to consider the systemic nature of breaches, understand the root cause and identify a suitable fix. More specific categorisation will assist COBs to assess the effectiveness of responses and make the necessary business improvements.

The top three long-term remedial actions reported were:

- Other (18%)
- Business Improvement (14%)
- System Fix (6%)

Of note was that COBs reported not requiring long-term remediation in 40% of cases. Moreover, in a further 15% of cases, COBs failed to provide detailed information about long-term remediation.

This lack of information on long-term remediation raises concerns about COBs' awareness of potential solutions and commitment to address the root causes of breaches.

Failing to address the root cause of a breach increases the likelihood of reoccurrence, ultimately leading to poor customer outcomes.

COMPLAINTS

The number of reported complaints increased to 45,802 in the 2022-23 reporting period, an increase of 25% on the previous reporting period.

Top five areas for complaints

Code section	Complaints 2021-22	Complaints 2022-23	Increase
Service-related	4,823	9,714	↑ 100%
General service delay	4,021	4,900	↑ 22%
Fees/costs	3,755	4,443	↑ 18%
Chargebacks – Merchant	79	2,751	↑ 3482%
Technical problems	1,341	2,434	↑ 82%

Most complaints were about ‘other service-related’ issues, representing 21.3% of all complaints in 2022-23.

Of concern is that nearly 20% of complaints lacked a specific product categorisation.

Inaccurately categorising a complaint hinders effective analysis. It also limits the opportunity to proactively address potential systemic issues.

We noted an increase in the reported number of complaint outcomes categorised as ‘apology/explanation only’, which rose from 37.7% of all complaint outcomes in 2021-22 to 49.6% in 2022-23.

An apology may suffice as an immediate short-term remediation, so long as the root cause and longer-term remediation is also being considered as appropriate.

We urge all COBs to analyse complaints data to fix the root causes of issues as sustainable, long-term solutions. Refining this practice will improve outcomes for customers and operations for business in the long-term.

Improvement in complaints-handling is a key factor in reducing complaints that are escalated to the Australian Financial Complaints Authority (AFCA).

Reducing the number of complaints that go to AFCA improves customer experiences and strengthens trust and loyalty. This is also good for a COB’s business.

Complaints escalated to AFCA cost time, resources and money. Reducing these costs as much as possible frees up staff and funds for other areas, boosting operational efficiency. It also demonstrates an important commitment to resolving issues proactively and early.

KEY OBSERVATIONS

RESPONSIBLE LENDING

We observed a significant increase in reported breaches of the responsible lending obligations, particularly the obligation to exercise the care and skill of a diligent and prudent banker.

COBs reported 252 breaches of this obligation in the 2022-23 reporting period, a 250% increase from the 72 reported in 2021-22. These breaches were not limited to a small percentage of COBs. Rather, 17 COBs (30%) reported breaches, impacting a total of 2,384 customers. These breaches also had substantial financial implications of \$233,040.

In the current economic context of significant rising living costs, these obligations are more important than ever. The increase in the number of reported breaches, to the extent that it is an increase in the number of breaches rather than an improvement in reporting of existing breaches, is extremely concerning, and we urge COBs to understand and address any underlying issues as a priority.

INTEREST RATES, FEES AND CHARGES

Reported breaches of obligations regarding interest rates, fees and charges also increased significantly in the 2022-23 reporting period.

These obligations ensure that the information about interest rates, fees, and charges is readily accessible for all. They require COBs to present up-to-date information clearly and concisely and review the effectiveness of the information they present.

COBs reported 644 breaches of these obligations, an increase from the 186 reported in 2021-22. The breaches accounted for 14% of all breaches in 2022-23, doubling the 7% of all breaches in 2021-22.

Of the 57 COBs that subscribe to the Code, 29 reported breaches of obligations regarding interest rates, fees and charges, which impacted 20,422 customers and had a financial impact of \$546,877.

LACK OF CONTROLS: A CASE STUDY



One COB reported a breach related to interest rates, fees and charges that had a financial impact of over \$500,000.

The COB had incorrectly charged a monthly administration fee for home loan accounts.

It attributed the breach to a defective manual process coupled with the absence of effective controls. Following assessment of the breach and its root cause, the COB subsequently modified and improved its processes and controls.

It classified the breach as systemic. As remediation, it provided financial compensation and an apology to the affected customers in addition to improving systems and processes to prevent reoccurrence. It also advised ASIC of the breach.

SPOTLIGHT

QUALITY OF REPORTING

In recent years we have focused on enhancing breach reporting practices. We have had a targeted engagement strategy with the COBs that we identified as under-reporting breaches.

It is pleasing to note an improvement in reporting in 2022-23, with more COBs reporting breaches and complaints. We saw a drop in COBs that reported zero breaches or complaints from 13 in the 2021-22 reporting period to four in 2022-23.

However, while the improvements are positive, there is more for COBs to do.

The data indicates that there is more to be done to ensure staff, along with established systems and procedures, adequately identify, record and report breaches.

Of concern, 26 COBs reported less than 20 breaches each. This included three larger COBs that we would expect to report more breaches given the number of accounts they hold and the level of breach reporting we see from their industry peers.

Consistently reporting no breaches, or very few breaches, over extended periods, raises concerns about the adequacy of systems to identify, record and report breaches. It may indicate poor processes, practices and governance.

We will continue to focus our efforts on those COBs under-reporting or not reporting breaches. This will include engaging directly to understand and test the effectiveness of their compliance frameworks and the systems and processes they have in place to identify breaches of the Code.



Failing to identify, record and report breaches risks concealing patterns of non-compliance, leaving problems unaddressed and resulting in greater consumer detriment. Early identification, remediation and learning improves a COB's operations, enhances its reputation and can avoid more serious and costly regulatory interventions.

We expect all COBs to report thoroughly and use insights from reporting to improve Code compliance and deliver better outcomes for customers.

DATA QUALITY

COBs must focus on improving the quality and accuracy of the data they capture and report to us.

Poor quality data limits a COB's ability to draw useful insights and apply appropriate fixes and remedies to breaches. This increases the likelihood of breaches reoccurring and systemic breaches going unidentified.

Conversely, high quality data combined with effective analysis yields accurate insights that a COB can act on. This leads to business improvements and efficiencies that contribute to better customer outcomes.

We are concerned that COBs reported no long-term remediation actions for most of the breaches attributed to staff not following processes or procedures.

In such cases, we would expect to see long-term remediation actions such as an audit, improvement of processes and procedures and ongoing staff training.

We also noted that the larger COBs used the 'Other' category more frequently when reporting. This raises questions about the adequacy of staff, processes and procedures for identifying, recording and reporting breaches. The Risk Manager or person responsible for the centralised review and coordination of the breach collection, should be seeking further detail, so that the breach data is informative. Another area of concern was a lack of information on breach identification. For 41% of all breaches, COBs used the 'Other' category to explain how they identified the breach without providing more information. Eight out of nine of the largest COBs used the 'Other' category when reporting the way they identified breaches.

The Annual Compliance Statement asks COBs to provide additional comments if they use the 'Other' category.

We developed the categories for reporting the way breaches are identified in consultation with the industry and ensured they were informed by responses from previous years.

Using the 'Other' category without providing more information makes it difficult to understand how COBs remedy the underlying issues of a breach.

Good practice goes beyond investigating the immediate breach and extends to identifying patterns and trends that point to a root cause and then applying appropriate long-term remediation.

We found a similar story with complaints. Nearly 20% of all complaints lacked specific categorisation using [ASIC's IDR Data Reporting Handbook](#).

COBs must improve their reporting practices for identifying breaches and complaints. COBs should only use the 'Other' categories sparingly and when appropriate. And if they do, we expect detailed additional information to accompany the categorisation every time.

Staff have an important role in capturing and recording breach information in a timely manner. We urge all COBs to train frontline staff on identifying, categorising, recording and reporting breaches and complaints.

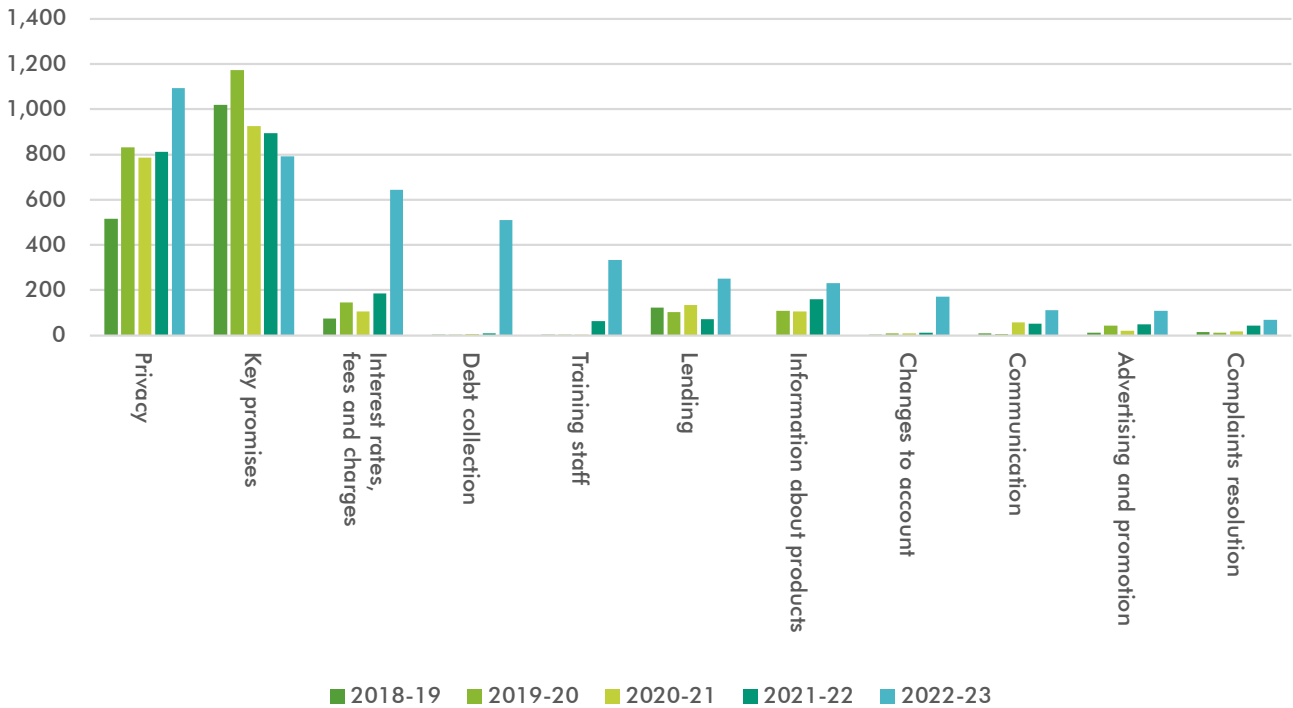
Timeliness is crucial and makes it easier to capture the level of detail required. COBs should continue to invest in systems that support the centralised recording of breaches and complaints as close as possible to the time of their occurrence.



Improved breach identification and reporting must continue to be a focus for COBs in the coming reporting period. Accurately identifying and reporting breaches is fundamental to the self-regulatory model.

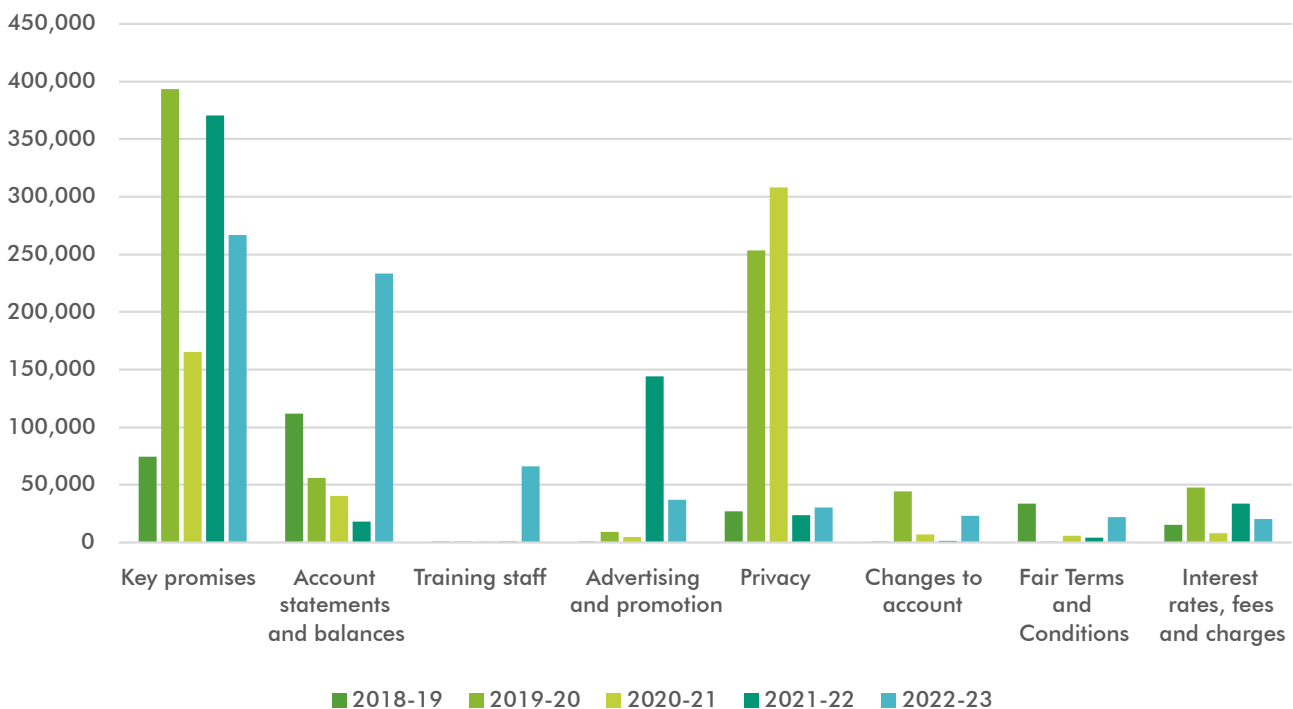
DATA

Chart 1: Most breaches per compliance category over five years



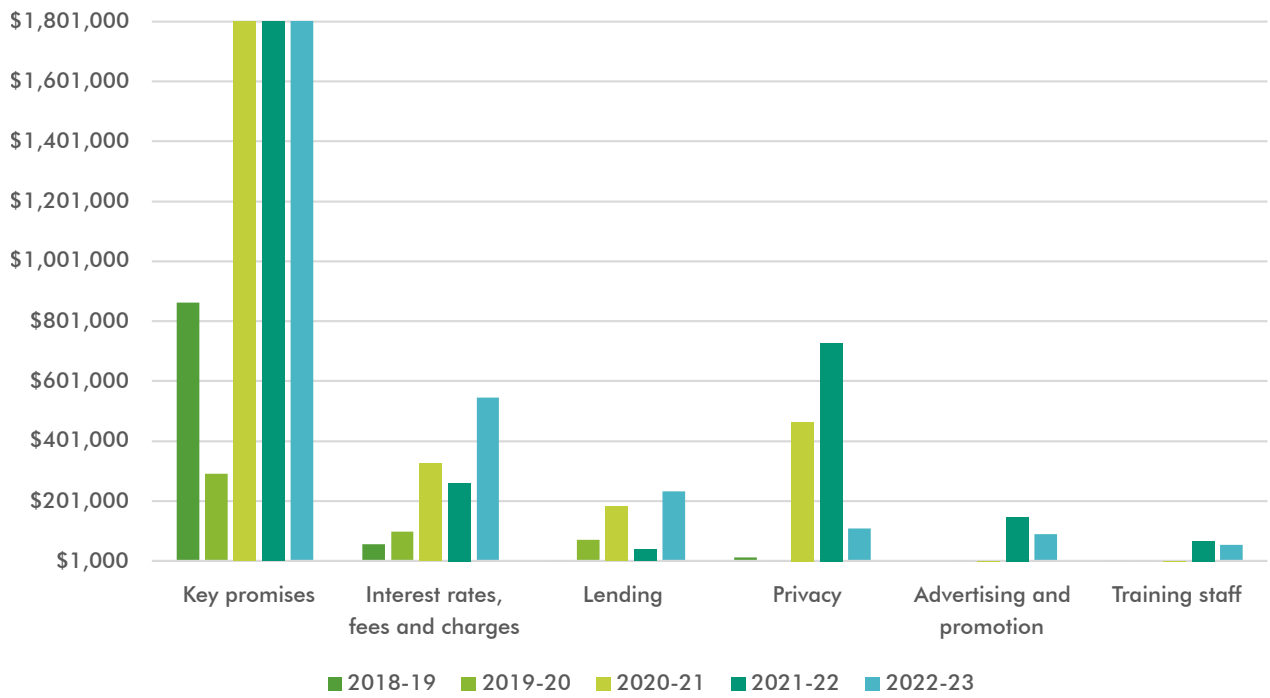
Note: Compliance categories with fewer than 50 breaches are not included.

Chart 2: Customer impact per compliance category over five years



Note: Compliance categories with fewer than 20,000 customers impacted are not included.

Chart 3: Financial impact per compliance category over five years



Note: Compliance categories with less than \$50,000 of financial impact are not included.

Table 1: Impact of Code breaches in 2022-23 by Code breach nature

Code breach nature		Number of Breaches	Comparison to 2021-22	Number of COBs reporting breaches	Customers impacted	Financial impact
Key promises	↓	793	894	24	266,745	\$1,805,686
Interest rates, fees and charges	↑	644	186	29	20,422	\$546,877
Lending	↑	252	72	17	2,384	\$233,040
Privacy	↑	1,095	811	46	30,084	\$110,067
Advertising and promotion	↑	108	48	19	37,113	\$90,438
Training staff	↑	333	64	18	65,912	\$55,900
Complaints resolution	↑	70	44	20	156	\$39,203
Joint accounts	↑	11	2	5	17	\$32,373
Vulnerable customers	↑	26	0	7	29	\$26,801
Information about products	↑	230	159	22	15,891	\$21,715
Third party products and services	↓	9	33	6	1,343	\$15,202
Credit cards	↑	5	4	3	74	\$14,232
Communication	↑	112	54	12	13,150	\$13,780
Chargeback	↑	23	9	6	11,652	\$10,910
Account statements and balances	↑	41	21	18	233,518	\$8,037
Exchange rates and commissions	↓	2	3	2	2	\$6,000
Changes to account	↑	172	11	16	22,789	\$5,912
Term deposits	↑	33	1	9	11,353	\$5,369
Direct debit	↓	12	20	6	11,295	\$2,825
Financial difficulty	↓	19	23	6	11,807	\$2,559
Fair Terms and conditions	↑	31	9	7	21,887	\$1,729
ePayments Code	↑	7	5	5	14	\$489
Closing accounts	↓	11	18	6	12	\$158
Cheque accounts	↑	2	0	2	11,218	\$0
Subsidiary cards	↓	1	2	1	11,217	\$0
Safeguards for co-borrowers	↓	4	5	3	4,653	\$0
Debt collection	↑	509	8	6	2,483	\$0
Safeguards for loan guarantors	=	3	3	3	2,453	\$0
Electronic communication	↑	45	16	8	2,139	\$0
Inclusive banking services	↑	11	7	3	514	\$0
Replacement of documents	=	3	3	3	4	\$0
Working with representative	↑	4	2	3	4	\$0
Lenders mortgage insurance	↑	3	1	1	3	\$0

Table 2: Breaches per Code section (2022 Code) in 2022-23

Information shown lists Code sections with:

- More than 100 breaches (but a minimum of more than 10 breaches)
- More than 10,000 customers impacted or
- More than \$100,000 financial impact

Any section with less than 10 breaches regardless of number of customers impacted and amount of financial impact is not shown.

Code Part	Code Section	Obligation	Number of Breaches	Customers Impacted	Financial Impact
B	168	We will treat your personal and financial information as private and confidential. We will not disclose that information to any other organisation unless we are required or permitted by law to do so.	716	21,435	\$83,361
B	150	If we exercise our right to combine your accounts, we will inform you promptly after doing so.	500	300	\$0
B	13	We will make sure our staff and agents or representatives are well trained so that they can competently do their work.	330	65,908	\$55,900
B	129	Interest rates and fees and charges applying to our products and facilities will be readily available to customers and the public. The information will be clear, concise and up-to-date. We will regularly review the effectiveness of our disclosure to customers of this information.	211	8,915	\$69,801
A	6	We will deliver services with reasonable care and skill.	207	324	\$79,147
B	76	We will exercise the care and skill of a diligent and prudent banker when lending to an individual customer or Small Business. This obligation is also for the benefit of your guarantor.	185	2,310	\$233,040
B	6	We will make general information about our products and facilities readily available in a timely manner to customers and the public. This information will be: a. clear, concise and accurate b. written in plain language c. generally sufficient to allow you to make an informed decision about the product or facility, and d. consistent with any applicable legal requirements.	183	10,854	\$8,851
A	2	We will obey the law.	81	12,513	\$75,798
B	131	When issuing you with a new product or facility, we will provide you with information including interest rates, fees and charges and general information on how to avoid non-standard fees and charges.	63	2,188	\$143,133

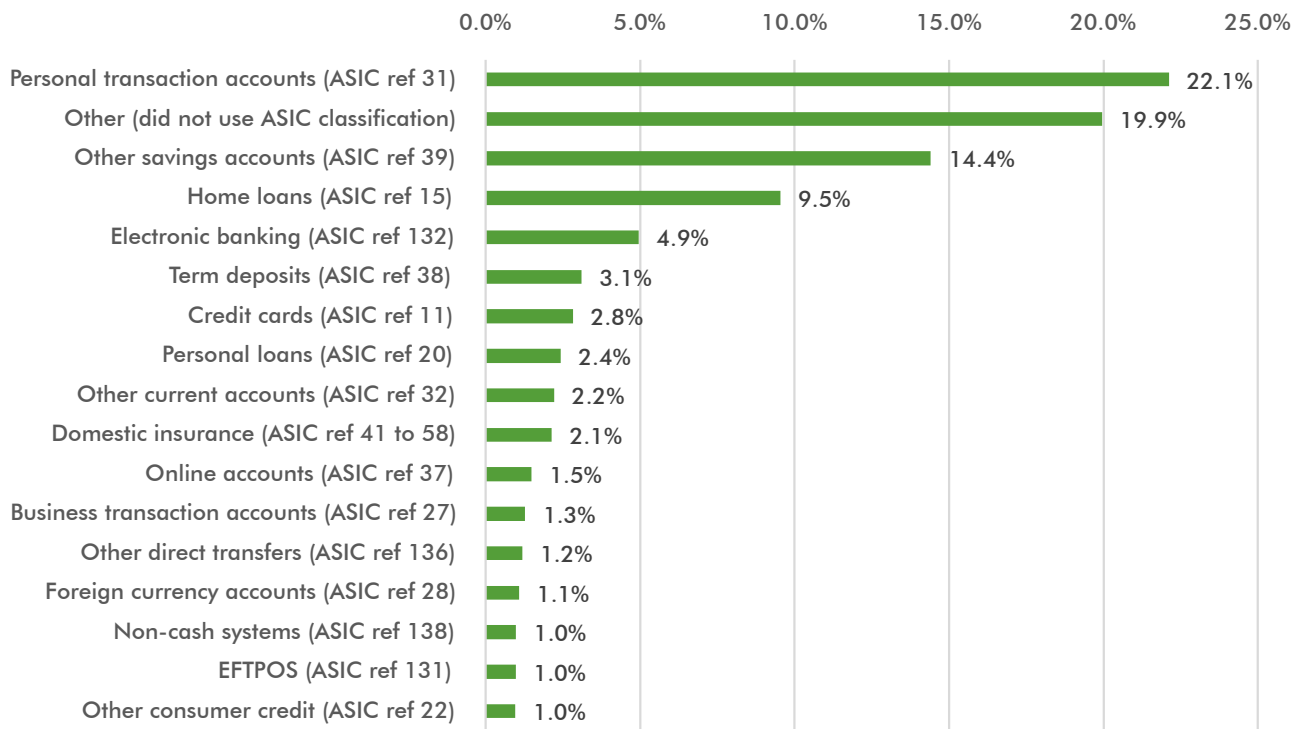
Code Part	Code Section	Obligation	Number of Breaches	Customers Impacted	Financial Impact
B	2	We will not mislead or deceive you either by what we say or represent, or by omission (what we fail to say or represent).	53	27,103	\$57,044
B	47	Our term deposit account Terms and Conditions will include: a. how we will pay interest and repay the principal to you b. how funds may be dealt with at maturity, and c. details of any fee, charge or change in an interest rate resulting from a withdrawal in advance of maturity.	33	11,353	\$5,369
B	16	We are committed to clear and effective communication with our customers. We will write our letters, notices, brochures, telephone scripts, website messages and other communications in plain language, avoiding legal and technical jargon as far as possible.	27	12,945	\$5,215
B	35	We will provide you with regular account statements, at least every 6 months, clearly setting out all transactions relating to your deposit and loan accounts with us. We will send these account statements to the last address you have given us, unless we reasonably believe that this is no longer your correct address. (The provision of account statements electronically is addressed in paragraphs 65 to 68).	22	110,285	\$37
A	3	We will not mislead or deceive.	19	21,727	\$233,203
B	12	We will make a copy of the Terms and Conditions applying to a product or facility available to you. We will not require you to apply for the product or facility first.	12	21,760	\$0

Table 3: Root causes of breaches over five years (% of total breaches)

Root cause	2018-19	2019-20	2020-21	2021-22	2022-23
Process & procedure not followed	58.6%	21.5%	44.5%	49.6%	47.3%
Manual error	19.4%	54.7%	34.5%	23.9%	24.1%
Incorrect process & procedure	4.6%	3.1%	3.8%	7.0%	8.0%
System error or failure	5.8%	9.5%	5.3%	7.7%	7.5%
Other	6.7%	6.4%	5.6%	7.0%	4.6%
Communication failure	n/a	n/a	n/a	n/a	3.2%
Insufficient training	2.1%	1.2%	4.0%	3.2%	2.4%

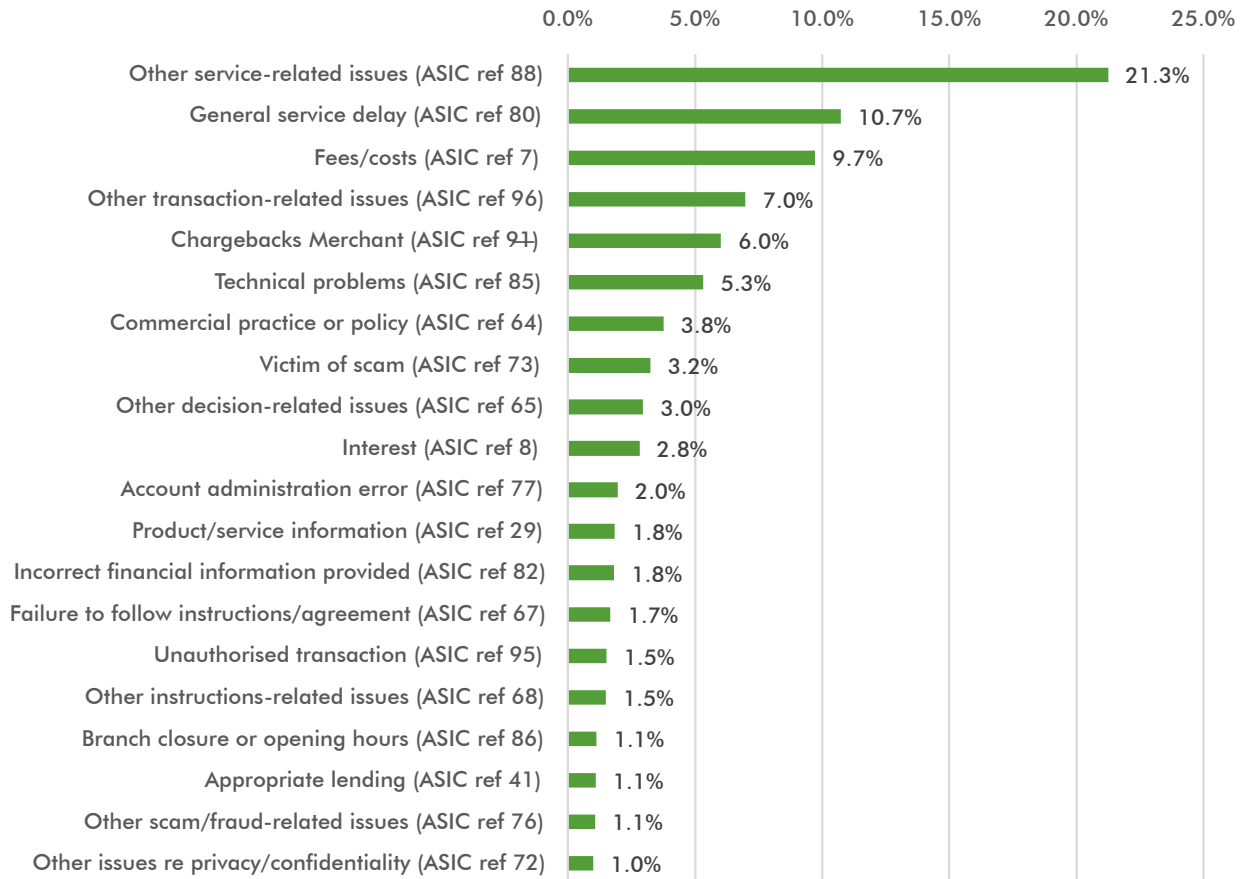
Note: Categories with less than 1% of total breaches are not included

Chart 4: Complaints by product categories (% of total complaints)



Note: Categories with less than 1% of total complaints are not included

Chart 5: Complaints by issue category (% of total complaints)



Note: Issue categories with less than 1% of total complaints are not included

Table 4: Thematic comparison of obligations in 2022 and 2018 Codes

	Breach nature	2022 Code sections	2018 Code sections
		PART A	PART C
Delivering on our Promises	Key Promises (KP) [use only in exceptional circumstances]	1-7	KP1-KP10
		PART B	PART D and E
How we inform you about our products	Advertising and promotion	1-5	1
	Information about products	6-8	2, 18.1
	Fair Terms and Conditions	9-12	4
Our customer service standards	Training staff	13-14	2
	Communication	15-16	15
	Inclusive banking services	17-25	No reference
	Vulnerable customers	26-27	No reference
	Complaints resolution	28-34	27, 28, 29
When you have an account with us	Account statements and balances	35-41	16
	Changes to account	42-46	17
	Term deposits	47	No reference
	Cheque accounts	48	No reference
	Joint accounts	49-50	9
	Subsidiary cards	51-52	10
	Closing accounts	53-56	22
	Third party products and services	57-58	13
	Consumer credit insurance	59-64	No reference
	Electronic communication	65-68	18
	Replacement of documents	69-75	19
Our approach to lending	Lending	76-77	6
	Lending to Small Business	78-88	No reference
	Credit cards	89-94	7
	Safeguards for co-borrowers	95-99	11
	Safeguards for loan guarantors	100-120	12
	Guarantors directors	121	No reference
	Lenders mortgage insurance	122-125	No reference
Our approach to fees, rates and commissions	Interest rates, fees and charges	126-133	3, 5
	Exchange rates and commissions	134	No reference
Support for customers experiencing financial difficulty	Financial difficulty	135-143	24
	Working with representative	144-145	25
	Debt collection	146-156	26
Our approach to payments	ePayments Code	157	
	Direct debit	158-162	20
	Chargeback	163-167	21
Our commitments to your privacy and security	Privacy	168-172	23
How we promote the Code	Publicising Code	173	1
		PART C	
How the Code is administered	Compliance responsibilities	180-184	16, 17, 19, 20
	Reverse Mortgage loans	No reference	8

ABOUT US

We are an independent Committee established to monitor compliance with the Code and to encourage best practice and improve customer outcomes.

Our Charter provides for us to undertake the following functions:

- Monitor compliance with the Code
- Collect and analyse data
- Identify areas for improvement
- Provide guidance
- Publish findings of inquiries
- Engage with stakeholders

We also have the power to issue determinations and impose sanctions when fair and appropriate in the circumstances.



In addressing issues, our first step is to work with the COB to rectify what has gone wrong, support its compliance with the Code, and pursue better outcomes for customers.

Our work is supported by the Code Team which provides monitoring, operational and administrative services.

The Code Team works within the Australian Financial Complaints Authority (AFCA) alongside four other code compliance committee teams.

This arrangement allows the Code Team to learn from other code committees and teams, share insights and information about compliance, and develop ways to help shape company culture.

ABOUT THE CODE

The [Customer Owned Banking Code of Practice](#) (the Code) sets out the promises and commitments to customers made by the COBs that subscribe to it.

Subscribing to the Code commits a COB to good practices, informed decision-making, and service delivery that is fair and reasonable.

The Code is owned and published by the [Customer Owned Banking Association](#) (COBA) who are the industry association for Australia's customer-owned banking sector and is an important part of the national consumer protection framework and financial services regulatory system.

Following a review that began in 2018, COBA produced an updated version of the Code which came into effect on 31 October 2022.

The 2022 Code sets out extensive obligations for COBs as well as principles and values that underpin the way they promise to deal with customers and the broader community.

