

Banking Code Compliance Committee (BCCC)

Inquiry into banks' compliance with the Banking Code's inclusivity, accessibility and vulnerability obligations

July 2020

Introduction

1. The Banking Code Compliance Committee (BCCC) is an independent compliance monitoring body established under clause 207 of the Banking Code of Practice (the Code).
2. The BCCC's purpose is to monitor and drive best practice Code compliance. To do this, the BCCC:
 - a) examines banks' practices
 - b) identifies current and emerging industry wide problems
 - c) recommends improvements to bank practices, and
 - d) consults and keep stakeholders and the public informed.
3. The BCCC is conducting an inquiry into banks' compliance with Part 4 of the Code (*Inclusive and accessible banking*) throughout the entire consumer and small business banking experience. Therefore, the scope of the Inquiry will cover other Code obligations where relevant.
4. The release of the Code in 2019 introduced important new obligations for Code-subscribing banks (banks), requiring them to provide inclusive and accessible banking services (Chapter 13), to take extra care with customers experiencing vulnerability (Chapter 14) and to provide affordable banking products for people with a low income (Chapters 15 and 16).
5. Case studies about customers experiencing vulnerability were featured prominently in the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry.
6. The BCCC outlined in its 2019-20 Business Plan that vulnerability would be a key priority of its work and that monitoring activities would have a focus on how banks assist customers experiencing vulnerable circumstances.
7. In November 2019, the BCCC published its [Transition Inquiry Report](#). The BCCC found that banks had made significant efforts to empower staff to take extra care with customers experiencing vulnerable circumstances but that there was more work to be done. The BCCC also found that banks took a variety of approaches to providing banking services that were inclusive and accessible, with some solely considering the accessibility requirements of branch sites, without reference to its products and services.
8. In the Transition Inquiry Report, the BCCC foreshadowed plans to scope an inquiry into banks' compliance with the vulnerability obligations and their efforts to take extra care with customers experiencing vulnerability.
9. This major inquiry will assist it to achieve the desired outcomes under item 1.6 of the BCCC's 2019–20 Business Plan.

Purpose of the Inquiry

10. The purpose of this Inquiry is to monitor and encourage good practice compliance with Part 4 of the Code. To achieve this, the BCCC will:
 - a) establish current industry practice concerning Part 4 of the Code
 - b) assess banks' compliance with Part 4 of the Code
 - c) identify and share examples of good practice to help banks improve the ways they support customers, and
 - d) make recommendations for industry improvement towards best practice.

Scope of the Inquiry

11. The Inquiry will focus on how banks comply with Part 4 of the Code throughout the consumer and small business banking journey. Therefore, the scope will cover other relevant Code obligations, including but not limited to, financial difficulty, co-borrowers, small business, debt recovery and complaint provisions.

Methodology

Data gathering from banks

12. The BCCC will gather information from banks in three separate parts. The BCCC will issue requests for information in a staggered schedule over the next 8 months.
13. This first part will assist the BCCC to gain a foundational view of how banks are approaching compliance with the relevant Code obligations.
14. The second and third part will cover more specific matters and any follow-up questions from the BCCC about banks' responses to the first part.
15. The BCCC will distribute the first information request - **Part A** - to each bank on 6 July 2020, with responses due by 31 August 2020.
16. The BCCC will distribute **Part B** to each bank on 5 October for response by 30 November 2020.
17. The BCCC will distribute **Part C** to each bank on 18 January for response by 1 March 2021.

Stakeholder consultation and consumer research

18. **Stakeholder consultation:** The BCCC will conduct qualitative interviews with key stakeholders, including the Australian Financial Complaints Authority (AFCA) and consumer groups, including community legal centres, legal aid services and financial counsellors. Interviews will cover a range of topics including, inclusivity, accessibility,

vulnerability, ongoing issues, emerging trends, and any initiatives that would improve the level of support available to customers in need.

19. **Consumer research survey:** The BCCC may undertake a qualitative survey of consumers either directly or indirectly through their financial counsellors, community lawyers and Aboriginal Community Controlled Organisations, or other relevant community workers. The BCCC will seek to collaborate with specific consumer groups to distribute a BCCC survey to understand the 'lived experiences' of their clients.

Literature review

20. The BCCC will review local and international literature, including government reports, academic papers and industry guidance, including the Australian Banking Association's (ABA) Guidelines regarding customers experiencing vulnerable circumstances. It will also review relevant reports and submissions from consumer representatives. This will assist the BCCC to understand and build upon existing intelligence surrounding good practice and organisational approaches to inclusivity, accessibility and vulnerability.

Desktop audits and other research

21. The BCCC will review existing information provided by banks to customers on inclusivity, accessibility and vulnerability options via website audits and other research methods, including mystery shopping activities.

Verification and analysis of the data gathered

22. The BCCC will collate, analyse and assess the information gathered.
23. The BCCC will also consider any other available information that may provide insights into matters related to non-compliance with the Code.
24. The BCCC will liaise with banks individually to seek clarification of information where necessary.

Reporting outcomes and further actions

25. The BCCC anticipates that it will publish the outcomes of this Inquiry by **April 2021**. It may publish an interim report prior to this.
26. The BCCC will provide individual feedback to banks as required.
27. The BCCC will also consider whether targeted follow-up inquiries, or further industry guidance, is required.

Inquiry Timeline

28. **Table 1** below displays the indicative timeline for this Inquiry.

Table 1. Indicative timetable of Inquiry

Key tasks and milestones	July 2020	Aug 2020	Sep 2020	Oct 2020	Nov 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021	Apr 2021
Issue Part A information request										
Part A data collection										
BCCC analysis										
Issue Part B information request										
Part B data collection										
BCCC analysis										
Issue Part C information request										
Part C data collection										
BCCC analysis										
Reporting on Inquiry outcomes										