



**BCCC**  
Banking Code  
Compliance Committee

## BCCC Inquiry Report

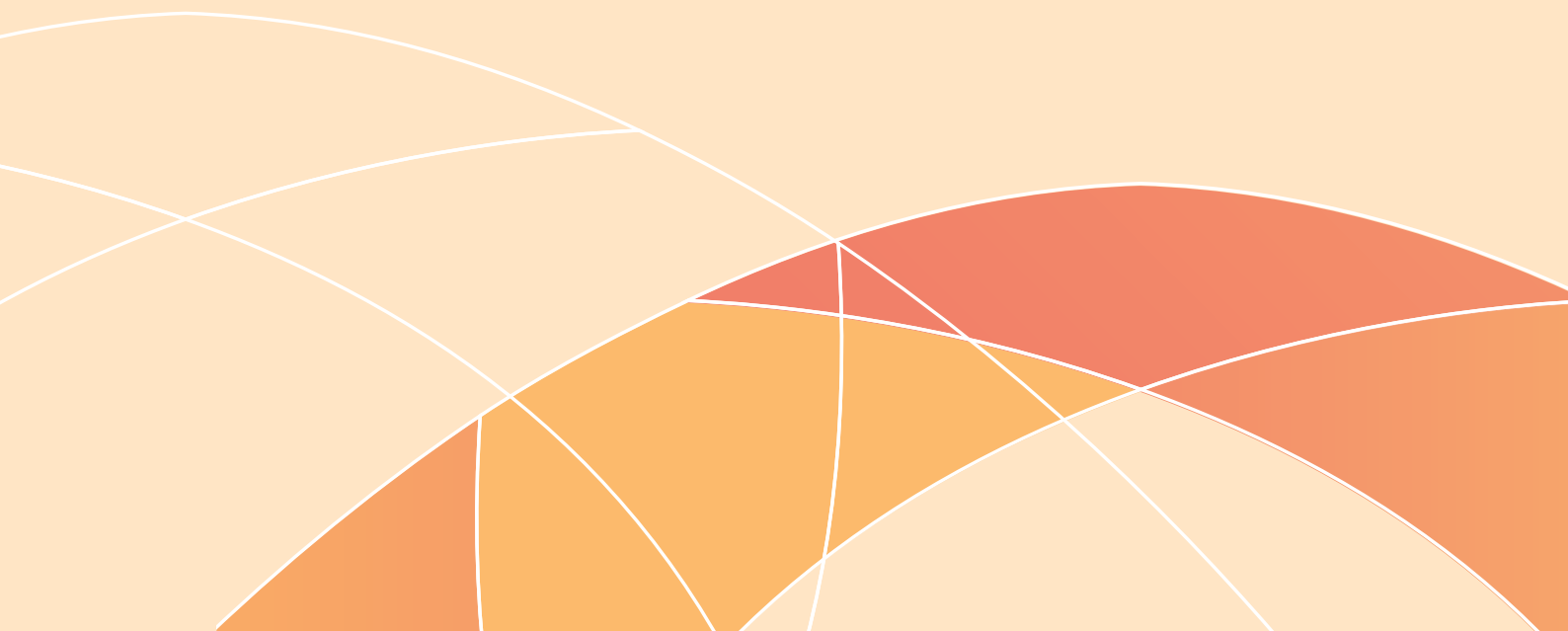
# **Banks' compliance with Part 4 of the Banking Code: inclusivity, accessibility and vulnerability**

December 2021



# Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>3</b>
<b>INTRODUCTION .....</b>	<b>7</b>
A brief history of the Part 4 Code obligations .....	7
What are the Part 4 Code obligations?.....	7
Why we reviewed banks' compliance with the Part 4 Code obligations .....	8
Inquiry approach and the report.....	9
<b>UNDERSTANDING CUSTOMER NEEDS .....</b>	<b>10</b>
Vulnerability.....	10
Accessibility and inclusivity.....	12
<b>ORGANISATIONAL CAPABILITY TO COMPLY WITH PART 4 OF THE CODE ..</b>	<b>22</b>
Culture and executive oversight .....	22
Governance .....	24
Learning and development, including staff skills and capability.....	25
Collaboration and partnerships with third parties.....	28
Product and Service Design – including systems, processes and technology...	31
<b>MONITORING COMPLIANCE WITH PART 4 OF THE CODE.....</b>	<b>45</b>
Banks' self-reported breaches to the BCCC .....	45
Compliance monitoring .....	45
<b>APPENDIX 1 – PART 4 CODE OBLIGATIONS .....</b>	<b>50</b>



# Executive summary

**In 2020, the Banking Code Compliance Committee (BCCC) commenced an Inquiry into banks' compliance with Part 4 of the Banking Code of Practice (the Code).**

Part 4 of the Code contains key obligations requiring that all people, irrespective of their circumstances, experience fair outcomes from their Code-subscribing bank (bank).

Failure to comply with these obligations can have devastating impacts on customer wellbeing. The Banking Royal Commission highlighted harms experienced by customers in vulnerable circumstances due to poor industry practice and misconduct.<sup>1</sup>

Consumer advocates shared recent examples of customers' needs not being met, including cases of domestic violence involving breaches of privacy, ongoing inclusivity barriers experienced by non-English speaking customers, Aboriginal and Torres Strait Islander people living in remote communities being asked to travel hundreds of kilometres to the nearest branch for identification purposes, and people on a low income not being told about their eligibility for a basic, no or low fee transaction account.

Banks are in a prime position to identify customers at risk of poor outcomes and ensure their staff, processes, systems, products and services enable the delivery of fair outcomes for all customers.

Overall, the BCCC found that:

- banks have **invested significant resources to advance their capability to support customers** experiencing vulnerability and to deliver more inclusive and accessible products and services.
- the level of **progress across industry is inconsistent** and further work is needed to ensure that customers experience fair outcomes irrespective of their bank.
- while positive initiatives have been implemented, there are **gaps in staff awareness and service delivery**.



## What we did

- We collected and analysed **qualitative data** from banks.
- We conducted a **consumer advocate survey** and received 40 responses from financial counsellors and community legal centres about banks' current practices.
- We collected and analysed **individual case studies** from community legal centres and reviewed **submissions** made to the 2021 Code review.
- We analysed banks' **websites** to assess whether information about available support is clear and easily accessible.

- compliance **monitoring frameworks are not adequate to assess front-line staff adherence** to Part 4 of the Code.

The Inquiry commenced after the onset of the COVID-19 pandemic. Many people, including small business owners, face ongoing hardship in an uncertain environment – with disproportionate economic and social impacts on some members of our community. Customers face higher rates of scams and fraud, incidents of domestic and family violence, mental health concerns, and new inclusivity and accessibility barriers. Banks have had to rapidly adjust to new ways of working.

In this environment, it is imperative banks uphold their commitments under Part 4 of the Code. The BCCC expects banks to build on the progress made so far and carefully consider the recommendations and good practice in this report to inform their strategies and deliver fair outcomes for all customers. The BCCC also acknowledges that good practice is continually evolving and that our recommendations on best practice may change over time too.

<sup>1</sup> Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry

## Recommendations

The BCCC has made 29 recommendations for better industry practice. These recommendations should be reviewed alongside the 38 good practice and 10 poor practice examples shared throughout the report.

Some of the recommendations call for banks to develop industry-wide practices to improve the consistency of approach. Banks should consider these recommendations:

- with reference to their competition and other regulatory obligations, and
- in consultation with stakeholders, including specialist bodies, where appropriate.

### Understanding customer needs

**Recommendation 1:** Banks should adopt a broad and flexible approach to vulnerability that recognises that the forms of vulnerability listed in clause 38 of the Code is not exhaustive.

**Recommendation 2:** Banks should test the effectiveness of accessibility options to meet customer needs in practice. This should be a process of continuous improvement.

**Recommendation 3:** Banks should improve the accessibility of customer letters and key documents, including the provision of print documents where requested.

**Recommendation 4:** Banks should expand the list of acceptable referees to reduce the barriers experienced by Aboriginal and Torres Strait Islander customers and ensure staff are trained to understand the practical application of associated processes for customer identification.

**Recommendation 5:** There should be an industry-wide approach on the implementation of the AUSTRAC guidance about customer identification and verification for Aboriginal and Torres Strait Islander customers. Otherwise, individual banks should publish their approach on their website to help these customers understand what is required to meet their identification and verification process.

**Recommendation 6:** Where banks have tailored accessibility and inclusivity options available, including interpreter services, staff should proactively offer these services to

customers. Failure to do so should be captured in banks' quality assurance reviews for investigation as a possible breach of the Code.

**Recommendation 7:** Banks should develop an industry-wide approach to providing banking services to customers in prison.

### Organisational capability to comply with Part 4 of the Code

#### Culture and executive oversight

**Recommendation 8:** Banks should provide transparent reporting on their compliance performance with the obligations in Part 4 of the Code.

**Recommendation 9:** Banks should ensure Part 4 of the Code forms a prominent component of risk frameworks to ensure these obligations are front of mind for all business units, with adequate oversight from, and reporting to, senior executives and relevant Board committees.

**Recommendation 10:** Banks should develop a customer outcome forum that supports front-line staff to escalate complex or sensitive customer cases with senior decision maker input and guidance.

**Recommendation 11:** Banks should develop an industry-wide framework to report on vulnerability benchmarks to help measure how individual banks and industry as a whole are progressing towards agreed targets.

#### Governance

**Recommendation 12:** Banks should review and iterate their governance documents and frameworks by taking into account internal learnings and emerging better practice from industry peers.

**Recommendation 13:** Banks should design processes to measure the outcomes experienced by customers who have not interacted with financial hardship and complaint handling teams.

### Learning and development programs – including staff skills and capabilities

**Recommendation 14:** Banks should develop dedicated vulnerability, inclusivity and accessibility learning and development programs. They should deal with real-life

customer issues that front-line staff are required to navigate day-to-day and include practical guidance on how staff can provide support.

## Collaboration and partnerships with third parties

**Recommendation 15:** Banks should review their processes to eliminate any barriers to: (a) accepting an authority from a financial counsellor or legal representative, and (b) providing documents required for customers to seek independent legal and financial advice in a timely manner.

## Product and service design – including systems, processes and technology

**Recommendation 16:** Banks should use available data to identify existing customers who are eligible for a basic account and conduct targeted outreach to support customers to product switch. Banks should not rely solely on a customer disclosing a low income.

**Recommendation 17:** Banks should raise awareness of basic bank accounts during customer onboarding processes and other customer interactions, such as financial difficulty and collections processes.

**Recommendation 18:** Banks should continue to explore ways to proactively detect financial abuse, as they do with fraud and scams.

**Recommendation 19:** Banks that discover industry-wide issues should share them with peers to improve the way banks detect, prevent and respond to risks of customer harm. Banks should not treat innovative solutions as competitive advantage in matters related to vulnerability.

**Recommendation 20:** Banks should conduct thematic and data-driven reviews to better understand customer needs, issues and outcomes.

**Recommendation 21:** Banks should identify effective ways to proactively identify customers at risk of experiencing financial difficulty and raise awareness of their approaches with industry peers to increase capability across industry.

**Recommendation 22:** Banks should ensure the development and use of AI technology to support customers meets Australia's Artificial Intelligence Ethics Principles and Framework.

**Recommendation 23:** Banks should ensure that customers can easily disclose their needs through a range of channels, including email, phone, websites, mobile applications (apps) and in person via a branch (where applicable).

**Recommendation 24:** Banks should design systems and processes to prompt staff to request and record information about a customer's needs to ensure that staff have the capability to tailor their approach. Staff should be provided with clear guidance on any dos and don'ts when requesting and recording information about a customer's needs.

**Recommendation 25:** Banks should measure the outcomes brought about by newly designed products and services to ensure that they are delivering better customer experience.

## Monitoring compliance with Part 4 of the Code

**Recommendation 26:** Banks should design a quality assurance measure that monitors compliance with Part 4 of the Code across all customer channels.

**Recommendation 27:** Banks should expand the scope of mystery shopping exercises to test obligations specifically relating to inclusivity, accessibility and vulnerability.

**Recommendation 28:** Banks should conduct routine and targeted quality assurance reviews to ensure that front-line staff are supporting customers in accordance with the key protections in Part 4 of the Code. Samples reviewed should include customer calls, emails and letters.

**Recommendation 29:** Banks should conduct rigorous testing and monitoring of the use and outcomes experienced by customers engaging with the bank via online channels, including reviewing customer needs disclosed in internal systems and the appropriateness of the bank's response.



## Next steps

The BCCC expects that this report will be shared with all relevant leaders and business units within banks.

Banks need to build on the progress made so far by carefully considering the report's recommendations and good practice examples to inform their strategy and capability to deliver good customer outcomes.

Part 4 of the Code will remain a priority area for the BCCC and we plan to monitor further industry progress until there is greater capability and consistency across industry. We will follow up with banks on the steps they have taken to implement the BCCC's recommendations in 2022.

# Introduction

## A brief history of the Part 4 Code obligations

In 2016, at a time of increased community expectations of the banking industry and when banks were facing the challenge of rebuilding trust with their customers, the banking industry appointed Phil Khoury to conduct an independent review of the Code.<sup>2</sup>

In his final report, Mr Khoury recommended that banks commit to financial inclusion and recognition of the additional needs of some customer groups. In particular, Mr Khoury suggested that banks should commit to:

*“...design and make available their banking services in a way that is inclusive and has regard to the needs of customers taking into account factors and circumstances including work status, age, gender, geographic distance, language, indigenous status, health and disability and experience of trauma, abuse or disadvantage including a natural disaster, family violence or socioeconomic disadvantage.”*

The Banking Royal Commission, conducted between December 2017 to February 2019, highlighted the harm experienced by customers in vulnerable circumstances as a result of industry misconduct.

The Royal Commission final report recommended that the Australian Banking Association (ABA) amend the Code to increase customer protections about access to banking services.<sup>3</sup>

Since it came into effect on 1 July 2019, and following variations made by the ABA in March 2020 to implement the Royal Commission recommendations, the Code has contained enhanced obligations to ensure fairer outcomes for customers – including Aboriginal and Torres Strait Islander

communities, culturally and linguistically diverse communities and people who receive low incomes or are experiencing vulnerability.

## What are the Part 4 Code obligations?

Part 4 of the Code contains Chapters 13 to 16 and includes mostly principle-based, and some prescriptive, obligations on banks.

The obligations under Chapter 13 require banks to take ‘reasonable measures’ to enhance access to their services and provide services which are inclusive and accessible for all people including older customers, people with disability, Aboriginal and Torres Strait Islander people, people in remote locations, and people with limited English. Banks must help Aboriginal and Torres Strait Islander customers meet any identification requirements by following AUSTRAC’s guidance on the identification and verification of persons of Aboriginal and Torres Strait Islander heritage.<sup>4</sup>

Banks must take extra care with customers who are experiencing vulnerability to meet the requirements under Chapter 14. Banks need to train staff to act with sensitivity, respect and compassion if a customer appears to be in a vulnerable situation.

Chapters 15 and 16 of the Code refer to banks’ commitments to provide banking services for people with a low income, such as basic accounts.

While the BCCC will, in some cases, discuss vulnerability, inclusivity and accessibility separately in this report, it is important to note that barriers to basic banking services can also cause a customer to experience vulnerability and poor outcomes. Vulnerability, inclusivity and accessibility can be overlapping issues that impact both individual and small business customers.

The Code obligations under Part 4 of the Code are listed in full in **Appendix A**.

<sup>2</sup> [cobpreview.crkhoury.com.au](http://cobpreview.crkhoury.com.au)

<sup>3</sup> Recommendation 1.8, <https://treasury.gov.au/sites/default/files/2019-03/fsrc-volume1.pdf>, February 2019

<sup>4</sup> [www.austrac.gov.au/business/how-comply-and-report-guidance-and-resources/customer-identification-and-verification/identifying-customers-who-dont-have-conventional-forms-id](http://www.austrac.gov.au/business/how-comply-and-report-guidance-and-resources/customer-identification-and-verification/identifying-customers-who-dont-have-conventional-forms-id)

## Why we reviewed banks' compliance with the Part 4 Code obligations

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 their products and services.

Information provided by consumer advocates also highlighted concerns, and positive developments, about banks' approaches to providing inclusive and accessible banking services to customers with additional needs. Since customers may experience different outcomes depending on their bank, the BCCC set out to:

- establish current industry practice
- assess banks' compliance, and
- identify and share examples of good practice to help banks improve the ways they support customers.

It is important that industry practice is shared to assist banks to further develop their approaches and continue to improve the standard of service and outcomes experienced by all customers, especially because many of the commitments in Part 4 of the Code are broad in nature.

## Impact of significant events

The 2019-20 Australian bushfires, other extreme weather events and the COVID-19 pandemic have had a significant and far-reaching impact on the community and the economy. Many people required temporary housing, lost their jobs and/or livelihoods and are faced with reduced household income and ongoing financial stress and uncertainty. These factors, alongside the psychological impacts on people's existing or newly found circumstances, can make managing their personal and financial affairs hugely challenging.

The pandemic has exacerbated issues impacting customers already experiencing vulnerability – such as an increased risk of experiencing mental health issues, incidents of domestic and family violence, and scams.

Some people in the community were impacted disproportionately by these issues. For example, in September 2021, the Australian Competition and Consumer Commission (ACCC) reported that Aboriginal and Torres Strait Islander communities lost \$4.3 million to scams. This was an increase of 172 percent on the losses reported in the same period in 2020. People who speak English as a second language made over 10,500 reports to the ACCC with losses of \$29.9 million, representing almost 14.4 percent of total losses for the 1 January to 19 September 2021 period.<sup>5</sup>

Many bank branches were temporarily closed or operated with reduced hours. Hundreds of branches have been permanently closed by banks with services shifting to online channels.<sup>6</sup> These changes disproportionately impacted customers who rely on face-to-face banking in their local branch, including small businesses in regional and remote communities, and customers with connectivity and accessibility challenges.

---

<sup>5</sup> [www.accc.gov.au/media-release/losses-reported-to-scamwatch-exceed-211-million-phone-scams-exploding](https://www.accc.gov.au/media-release/losses-reported-to-scamwatch-exceed-211-million-phone-scams-exploding), September 2021

<sup>6</sup> Online channels include internet banking and mobile banking applications



The BCCC's Small Business and Agribusiness Panel has raised concerns that there can be a high turnover of staff members and managers for small business customers in rural and regional areas, which contributes to the lack of specialist trained staff to deal with small business customers. Business facilities worth less than \$1 million are generally not allocated dedicated case managers and small business customers must deal with call centres where staff do not understand the needs of the business. Branch closures have also resulted in small businesses in rural or regional areas not being able to obtain branch assistance when needed.

Banks experienced increased volumes of customers, including small businesses, seeking financial difficulty assistance. They responded swiftly by developing payment deferral arrangements, increasing resourcing in financial difficulty teams and developing staff capability.

The current environment has brought into focus the importance of the banking industry upholding its commitment to provide 'extra care', to show sensitivity, respect and compassion and provide inclusive and accessible banking services for all people.

## **Inquiry approach and the report**

The BCCC requested information from banks about how they approach compliance with Part 4 of the Code. The information requested included themes addressed in the *BCCC's Building Organisational Capability* report – such as banks' use of data and approaches to measuring good customer outcomes.<sup>7</sup>

The BCCC conducted a consumer advocate survey to understand consumer groups' views on banks' approaches to, and treatment of, their customers and whether they have seen improvements since the introduction of the inclusivity, accessibility and vulnerability Code obligations and where gaps remain, or further work is still required by banks. The BCCC also met with several consumer advocacy organisations.

The BCCC reviewed banks', and their subsidiaries', websites to assess whether relevant information about available support is clearly communicated and easily accessible.

This report provides the BCCC's findings about banks' compliance with Part 4 of the Code and shares good practice with respect to inclusive and accessible banking services, taking extra care with customers experiencing vulnerability, and the provision of affordable banking products for people with a low income.

The BCCC believes that the practices shared in this report will assist banks to further inform their strategies in these areas, develop measurable targets and continue to improve organisational approaches to their Code obligations. We expect the information in this report about how banks are approaching their obligations will lead to improved and more consistent outcomes for customers.

---

<sup>7</sup> <https://bankingcode.org.au/app/uploads/2021/02/BCCC-Report-%E2%80%93-Building-Organisational-Capability.pdf>, February 2021

# Understanding customer needs

**Banks' understanding of the lived experience of their diverse customer base and its needs, and the consequences if they fail to address these needs, plays a vital role in informing their strategic approach. It also impacts decision-making, the design of products and services, and the processes, systems and technology that impact the outcomes experienced by customers.**

Banks must invest in developing their understanding of vulnerability. This requires research and engagement with community organisations, customer advocates and people with lived experience to inform banks about how being in a vulnerable situation can impact a customer's banking needs.

Banks must also understand their role and how their action or inaction can contribute to customers experiencing harm, disadvantage and poor outcomes.

## Vulnerability

Vulnerability is not something you 'are', but something that can happen to anyone, at any time.<sup>8</sup>

Researchers and policy makers have proposed various definitions about what it means to be vulnerable. Early approaches focused on a consumer's personal characteristics and circumstances, while current approaches recognise that vulnerability goes beyond individual traits – that the nature of vulnerability is multidimensional, dynamic and transient and that all people can experience vulnerability, in some form, during their lifetime.

We also know that it can arise from market features, including complex and poor product and service design, exploitation of peoples' behavioural biases and information asymmetry.<sup>9</sup> It can result from accessibility barriers and a lack of inclusion of all people to basic banking services.

The UK Financial Conduct Authority (FCA UK) has adopted a broad definition of vulnerability which refers to customers who:

*“due to their personal circumstances, are especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care.”*

This recognises the role of industry practice and the risk of customer harm. While the Code does not explicitly reference the role of industry, it is important that banks recognise how their actions or inaction can make customers more susceptible to harm.

FCA UK identified four key drivers of actual or potential vulnerability which are summarised in **Figure 1** (on the following page) – alongside characteristics that can be associated with these drivers. While this is not an exhaustive list, it helps banks to understand how people may experience multiple overlapping characteristics that can impact their ability to engage with the bank, make decisions and act in their own best interests.

The presence of these characteristics can also impact a person's ability to resolve problems with the bank, access justice and seek redress when things go wrong.

The BCCC found that most banks adopted a definition of vulnerability that was informed by the ABA's draft Customers Experiencing Vulnerability Industry Guideline or the [FCA UK's Guidance FG21/1](#).<sup>10</sup>

One major bank opted to focus on '(vulnerability) indicators as having greater practical application' instead of a definition. It also focused on the key drivers set out by the FCA UK.

8 [www.esc.vic.gov.au/sites/default/files/documents/getting-to-fair-strategy-20210812\\_1.pdf](http://www.esc.vic.gov.au/sites/default/files/documents/getting-to-fair-strategy-20210812_1.pdf) – August 2021

9 [www.financialcapability.gov.au/files/exploring-regulatory-approaches-to-consumer-vulnerability.pdf](http://www.financialcapability.gov.au/files/exploring-regulatory-approaches-to-consumer-vulnerability.pdf) – page 7, February 2020

10 The BCCC understands the ABA is working to finalise its industry guideline at the time of this report's publication

**Figure 1:** Characteristics associated with the four drivers of vulnerability – FCA UK<sup>11</sup>

Health	Life events	Resilience	Capability
Physical disability	Retirement	Inadequate (outgoings exceed income) or erratic income	Low knowledge or confidence in managing finances
Severe or long-term illness	Bereavement	Over-indebtedness	Poor literacy or numeracy skills
Hearing or visual impairment	Income shock	Low savings	Poor English language skills
Mental health condition or disability	Relationship breakdown	Low emotional resilience	Poor or non-existent digital skills
Addiction	Domestic abuse (including economic control)		Learning difficulties
Low mental capacity or cognitive disability	Caring responsibilities		No or low access to help or support
	Other circumstances that affect people's experience of financial services eg leaving care, migration or seeking asylum, human trafficking or modern slavery, convictions		

The BCCC was concerned that four banks had adopted clause 38 of the Code as their definition of vulnerability and one small bank had not adopted a definition or alternative approach at all. Given that the list of forms of vulnerability in clause 38 of the Code is not exhaustive, these banks risk not addressing the needs of all people who need extra care with their banking services.

Given the numerous and complex variables that can contribute to and compound vulnerability, it is crucial that banks recognise the reality of people's needs. This should be reflected in banks' strategies and service models to support customers to ensure that all customers, regardless of their characteristics or circumstances, experience fair outcomes.



### Recommendation

1

Banks should adopt a broad and flexible approach to vulnerability that recognises that the forms of vulnerability listed in clause 38 of the Code is not exhaustive.

<sup>11</sup> [www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf](http://www.fca.org.uk/publication/finalised-guidance/fg21-1.pdf) – page 10, February 2021

## The terminology adopted around vulnerability is important

Some banks confirmed that their approach does not seek to label customers as vulnerable. The BCCC considers this good practice and encourages banks to carefully consider the terminology adopted internally.

Labelling people as ‘vulnerable customers’ may reinforce stigmas and adversely influence how staff communicate with customers. It can also deter or discourage people from engaging with the bank and disclosing their circumstances. Research conducted by the Essential Services Commission found that describing support as being ‘for the vulnerable’ can discourage people from seeking the help available.<sup>12</sup>

While ‘consumer vulnerability’ has utility as shorthand to discuss these matters at a policy level, this terminology will often not resonate with individuals and should not be used when engaging with customers.

Terminology should focus on customer needs, circumstances and the consequences or harm that can result if these matters are not adequately addressed by the bank – it should focus on customer wellbeing, fairness and empowerment.

## Accessibility and inclusivity

Chapter 13 of the Code requires banks to commit to providing banking services which are inclusive and accessible for all people. The obligations specifically refer to older people, people with a disability, Aboriginal and Torres Strait Islander people, people in remote locations, and people with limited English. This list should not be considered exhaustive.

Many people face barriers to accessing banking services – and this can be a key driver of vulnerability putting people at greater risk of harm and poor outcomes.

The BCCC expects banks to take inclusivity and accessibility into account in the design of products and services to ensure that they do not cause customer harm, disadvantage or poor outcomes.

## Accessibility

Accessibility refers to the ability of all people to have access to, and benefit from, the same products and services; specifically people with a disability.

People with a disability make up almost 18% of the Australian population according to the Australian Bureau of Statistics.<sup>13</sup> The *Commonwealth Disability Discrimination Act 1992* uses a broad definition of disability that includes:

- Physical disability
- Intellectual disability
- Psychiatric disability
- Sensory disability
- Neurological disability
- Learning disability
- Physical disfigurement
- The presence in the body of disease-causing organisms.

Accessible banking that is ‘inclusive by design’ is essential to enable people to use and engage with financial products and services and to ensure that all people experience fair outcomes.<sup>14</sup>

<sup>12</sup> [www.esc.vic.gov.au/sites/default/files/documents/getting-to-fair-strategy-20210812\\_1.pdf](http://www.esc.vic.gov.au/sites/default/files/documents/getting-to-fair-strategy-20210812_1.pdf)

<sup>13</sup> [www.abs.gov.au/statistics/health/disability/disability-ageing-and-carers-australia-summary-findings/2018](http://www.abs.gov.au/statistics/health/disability/disability-ageing-and-carers-australia-summary-findings/2018), October 2019

<sup>14</sup> [www.ausbanking.org.au/wp-content/uploads/2019/05/Accessibility\\_Principles\\_for\\_Banking\\_web.pdf](http://www.ausbanking.org.au/wp-content/uploads/2019/05/Accessibility_Principles_for_Banking_web.pdf), November 2018



## **Good practice:** accessibility – design

### **Accessibility guidance for product and service developers and designers**

One major bank developed a series of tools and guidance to support digital product and service designers to meet the bank's accessibility objectives.

### **Accessibility-related performance metrics for designers**

A bank with only online channels implemented Key Performance Indicators for product owners and design lead staff to measure performance against critical accessibility elements. Critical elements in its design framework include:

1. Logical hierarchy (e.g. colours, font size, text) when designing layouts.
2. Support for screen readers like Google's TalkBack or Apple's VoiceOver.
3. Layouts and text that responds to individual preferences, for example large text.
4. Accessibility for the visually impaired through voice control features, for example Apple's Siri and Google's Voice Access.
5. Implementation of sufficient colour contrast ratios.
6. Accessibility through touch targets.

In addition, banks should ensure product and service designers have all the tools they require, including information from customer experience research, complaints data (where product or service design was the root cause of an issue), front-line staff (who hear from customers every day) and people with lived experience, to ensure that design principles focus on removing barriers and improving access for all.

Most banks have invested significantly to ensure that products and services can be used by all people. These banks have implemented accessibility action plans which are embedded

in organisational strategy. These plans cover accessibility initiatives across branch sites, online channels, communications and marketing, staff education and awareness, and supporting resources.

Some banks engage with community organisations to develop and inform their action plans, staff learning and development programs, products and service design frameworks, and/or to review existing accessibility-related policies and processes for improvement. Several banks noted engagement with the Australian Network on Disability to improve their capability in this area. One major bank worked with Vision Australia to implement a concierge service to meet customers at the branch entrance and direct them around to ensure they can complete their banking safely.



## **Good practice:** accessibility – for people with a disability

### **Partnerships to increase recruitment opportunities for people with a disability**

A regional bank established a partnership with a disability employment service provider that supported numerous new hires within the bank. It also partnered with the Australian Network on Disability to deliver training sessions on being a 'disability confident workplace'.

The BCCC found that industry has increased its focus on inclusive and accessible design principles and capability since its [Transition Inquiry](#). The [ABA's Accessibility Principles for Banking Services](#) have been incorporated into banks' governance frameworks. This includes best practice accessibility principles with respect to services, websites, mobile device based banking services, banking terminals (such as ATMs and EFTPOS), telephone banking, voice-based AI technology, and authentication. Banks follow the universal

design principles recommended by the World Wide Web Consortium (W3C) also aligning with the Australian Government's web standards and the Australian Human Rights Commission's recommendations. However, it was unclear whether all banks had implemented the guidance into practical action across each service platform.

The most common ways banks uphold their commitments to accessibility include:

- Branch sites have automated doors, ramp access and space to use a wheelchair.
- Smart ATMs with braille keypads and audio functionality.
- Bank cards with tactile features, larger font, higher visibility and notches to help insert cards.
- Screen reader technology.
- Use of the National Relay Service and Auslan interpreters (with costs paid for by the bank).
- Accessible design of online channels, including internet banking and apps.
- Working with AusPayNet on the design principles for point of sale devices.



### **Poor practice:** accessibility

#### **Process design for customers who are hearing impaired causing detriment**

- In 2020, a community legal centre received a call from a new client, who is deaf, via Zoom. His mother used sign language to help him communicate. The client phoned because he wanted to get his financial situation under control – he had many debts and money management issues.
- He received a Centrelink Disability Support Pension and was casually employed at the local supermarket. Amongst his financial issues was a secured car loan for \$11,000 with a major bank. His loan with the bank went into arrears. He only noticed this when he checked his banking app and found the car loan had disappeared.

- He tried calling the bank using the National Relay Service, but the bank advised that he had to call them directly first (without the relay service) to complete the security questions.
- He often receives other calls from the bank but cannot answer them.

In this example, the bank's process design, while well intentioned regarding privacy considerations, created an unreasonable barrier for customers with a hearing impairment to phone the bank and resolve an outstanding debt.



### **Good practice:** accessibility

#### **Make it easy for customers to give the bank feedback about how to improve design**

One major bank invites customers to provide feedback about accessibility via a dedicated channel on its website. It reviews this feedback and liaises with relevant business units responsible for product and service design, to address the accessibility concerns raised.

A regional bank implemented a process to allow customers to sign documents with a mark in place of their signature where a customer is physically unable to sign. Other banks referenced signature only cards for customers with restricted ability to use a PIN. Some banks also provide accessible ATM maps online.



### **Recommendation** 2

Banks should test the effectiveness of accessibility options to meet customer needs in practice. This should be a process of continuous improvement.

Examples may include banks testing of the following:

- Staff confidence and capability to engage with services such as the National Relay Service in practice by monitoring inbound and outbound calls to this service.
- Assistive technology such as screen readers and magnification tools to ensure they are compatible with the bank's website.

To a lesser extent, banks provided information about access to print documents and the accessibility of documents in general. One major bank worked with Vision Australia to ensure statements have accessible formats. Several banks, including some major banks, stated that they are exploring opportunities to improve the accessibility of other collateral documents such as customer letters.



### Recommendation 3

Banks should improve the accessibility of customer letters and key documents, including the provision of print documents where requested.

For example, financial difficulty arrangement letters, including variation notices, should be accessible and use Easy English<sup>15</sup> to ensure that people understand key information about their rights and responsibilities.



### Good practice: accessibility

#### Share best practice learning and methods with industry peers

The subsidiary digital brand of a major bank developed an Accessibility Kit which was shared with the wider community as open-source software to help iOS app developers test and improve app accessibility for users that experience issues such as low vision, cognitive impairments, or neurological impairment.

Sharing good practice methods banks develop with industry peers can benefit the broader community.

The BCCC also found that banks have incorporated inclusivity and accessibility requirements into their product and service design frameworks for designers to consider during product development. Further good practice examples are shared under the 'Product and Service Design' section of this report.

### Inclusivity

Inclusivity relates to individual and small business customers having access to, and being able to effectively use, appropriate financial services.<sup>16</sup> Financial inclusion can improve people's financial capacity, capability, health and social and financial wellbeing.<sup>17</sup>

The BCCC found that measures to improve the inclusivity of banks' products and services largely focused on customers specifically referred to in Chapter 13 of the Code.

<sup>15</sup> [https://centreforinclusivedesign.org.au/wp-content/uploads/2020/04/Easy-English-vs-Plain-English\\_accessible.pdf](https://centreforinclusivedesign.org.au/wp-content/uploads/2020/04/Easy-English-vs-Plain-English_accessible.pdf)

<sup>16</sup> [www.financialinclusionnetwork.com.au/wp-content/uploads/2019/07/FIN-2017-position-paper-WEB.pdf](http://www.financialinclusionnetwork.com.au/wp-content/uploads/2019/07/FIN-2017-position-paper-WEB.pdf) – page 5, September 2017

<sup>17</sup> Ibid. – page 4

## Older people

The most common ways banks uphold their commitments to older customers include:

- Product offerings including basic, low fee or retirement accounts – and certain fee waivers.
- Increased education and support aimed at helping older people learn how to use online channels to conduct their banking safely.
- Increased education and awareness about fraud and scams.
- Priority call routing for customers over 70 years of age.



### **Good practice:** inclusivity – for older people

#### **Industry issued a record number of debit cards to customers relying on passbook accounts during the pandemic**

Customers who previously used passbook accounts to withdraw cash at the branch – many over 70 years of age – were proactively identified and contacted by the bank to offer support and education about the use of debit cards. Customers had the option to activate cards if needed.

## Aboriginal and Torres Strait Islander people

Banks should consider opportunities to work together with Aboriginal and Torres Strait Islander communities to support customers with limited access to banking services.

The most common ways banks uphold their commitments to Aboriginal and Torres Strait Islander people include:

- Dedicated cultural awareness training and partnerships with organisations to inform training and service delivery.
- Process flexibility for identification of customers and account opening methods.

- Dedicated teams and Aboriginal and Torres Strait Islander customer phone lines in larger banks.

Some banks noted new initiatives implemented to waive over-the-counter transaction fees for customers in remote communities which are identified via the communities list found on the Australian Government's National Indigenous Australians Agency website.<sup>18</sup> Another bank was seeking to eliminate the need for wet signatures on documents to reduce barriers for regional and remote customers.



### **Good practice:** inclusivity – for Aboriginal and Torres Strait Islander customers

#### **Address the language barrier for customers who speak an Indigenous language**

One bank partnered with a state-based interpreting and translating service to provide specialised support for Aboriginal and Torres Strait Islander customers whose first language is an Aboriginal or Torres Strait Islander language.

Clause 35 of the Code requires banks to help Aboriginal and Torres Strait Islander customers to meet any identification requirements by following AUSTRAC's guidance on identification and verification.

<sup>18</sup> <https://www.indigenous.gov.au/communities/list-view>





## **Poor practice:** inclusivity – for Aboriginal and Torres Strait Islander communities

### **Identification and verification processes causing ongoing barriers**

Consumer advocates' submissions to the ABA's Code review highlighted issues around the identification and verification of persons of Aboriginal and Torres Strait Islander heritage. In particular, the AUSTRAC guidance has been adopted narrowly and inconsistently across industry creating barriers for customers.

Barriers include:

- Identification requirements are inconsistent at an industry level and from call to call within the same bank.
- A narrow interpretation of the AUSTRAC guidance adopted, for example the broader list of people and entities that can verify identification within the AUSTRAC guidance have not been adopted by banks.
- Banks not maintaining up to date lists of community Elders able to verify a customer's identity.

Consumer advocates' suggestions for reducing barriers include that banks should:

- Expand the list of people from whom the bank will accept referee statements for Aboriginal and Torres Strait Islander customers as listed in the AUSTRAC guidance.
- Accept financial counsellors and community lawyers as referees for identifying clients for AUSTRAC guidance purposes.
- For people in the Northern Territory, accept the government issued 'evidence of age card' where people do not have a driver's licence or passport to identify themselves.



## **Recommendation 4**

Banks should expand the list of acceptable referees to reduce the barriers experienced by Aboriginal and Torres Strait Islander customers and ensure staff are trained to understand the practical application of associated processes for customer identification.



## **Recommendation 5**

There should be an industry-wide approach on the implementation of the AUSTRAC guidance about customer identification and verification for Aboriginal and Torres Strait Islander customers. Otherwise, individual banks should publish their approach on their website to help these customers understand what is required to meet their identification and verification process.

## **Customers in remote locations**

Other common ways that banks are providing inclusive services for customers living in regional, rural or remote communities include:

- ATM Fee free arrangements.
- Partnership with Australia Post  
– Bank@Post arrangements.



**Good practice:**  
inclusivity – for  
customers in remote  
locations

### Travelling to remote communities to provide face-to-face basic banking services

A major bank implemented a remote service which is a mobile face-to-face non-cash banking service for customers in remote communities. This is operated across five locations – Central Australia and Goldfields, NT Communities, Kimberly and Dampier, Cape York, and Outback NSW. The bank provides education around banking platforms, budgeting and support for appropriate products and services.

### Small business customers

The BCCC recognises that banks need to make commercial decisions related to customers' changing banking needs and preferences such as the shift to online channels. However, in light of the decline in bank-owned ATMs and a decreasing branch presence, banks should be mindful of their Code obligations and consider ways to expand existing arrangements that seek to ensure customers, including those in rural, regional, and remote communities, are not excluded or at risk of poorer outcomes because of their location.



**Poor practice:**  
inclusivity –  
small business  
customers

### Barriers experienced by small business customers operating in regional areas

The BCCC's Small Business and Agribusiness Advisory Panel highlighted challenges faced by small businesses in regional communities where branches have either closed or operate under reduced opening hours – which impacts their ability to undertake basic banking activities.

14 out of 19 subscribing banks confirmed they have arrangements with Australia Post to support customers to conduct basic banking in towns where the local branch has closed.

However, these arrangements do not always support the banking needs of small business customers. As a result, small business customers may need to carry more cash until they can travel to the closest bank – which often involves long journeys and impacts their trading hours.

### Customers who speak limited English

The most common ways banks uphold their commitments to customers with limited English include the:

- Availability of interpreter services.
- Availability of internal language registers for staff who can interpret.
- Availability of ATMs with multiple language functionality.
- Use of Easy English fact sheets and key information documents (excluding product terms and conditions).
- Provision of customer collateral translated into multiple languages.



## **Poor practice:** inclusivity – language barriers

### **Communicating with customers who speak limited English**

A community legal centre highlighted to the BCCC a case where a client who spoke limited English was telephoned by the bank's collections team on numerous occasions. On each occasion staff would add notes to the internal system to reflect the language barrier, but the bank continued to call and send letters in English. Staff never offered the customer the option of an interpreter service and the customer was not aware they could request one.

Several responses to the BCCC's consumer advocate survey highlighted that front-line staff do not generally offer interpreter services to customers who need them.

The BCCC is concerned that staff:

- are not sufficiently aware of interpreter services; or
- do not feel confident offering them; or
- are simply not offering them to customers who need them.

Failure to offer these services when a language barrier is apparent will likely result in a breach of clause 32 of the Code. Banks' quality assurance call monitoring activities should take this into account.



## **Recommendation 6**

Where banks have tailored accessibility and inclusivity options available, including interpreter services, staff should proactively offer these services to customers. Failure to do so should be captured in banks' quality assurance reviews for investigation as a possible breach of the Code.

## **Significant events – COVID-19**

It is also important that all customers receive information about available support during significant events, such as disasters, extreme weather events and the COVID-19 pandemic. The BCCC considers that some banks are effective at raising awareness of available support during challenging times in the community.



## **Good practice:** inclusivity and accessibility – COVID-19

### **Getting accessible information to all people when they need it**

Banks acted quickly during the pandemic to get information out to the community.

As a case study we looked at one major bank that developed a COVID-19 update page on their website outlining the support packages available. It made information available including support guides in accessible HTML format. It also developed COVID-19 financial support guides in multiple languages and Easy English. The bank planned to update videos on its website to ensure that they were appropriately captioned, fully accessible and transcripts could be provided. Banks also conducted campaigns to proactively telephone customers who did not appear to be active through online channels with the bank to provide information to empower them to remain in control of their finances and wellbeing during the shut-down periods.

## Supporting all people who face barriers to banking services

Inclusivity is relevant to any person who experiences barriers to engagement with a bank. For example, migrants and new arrivals to Australia are at greater risk of financial exclusion. Access to banking services to make payments, save money and access affordable credit is critical for migrants and new arrivals to set up a new life in Australia. One major bank reported that it assisted 7,000 newly arrived refugees over three years by developing a financial literacy toolkit designed to help refugees understand cost of living, budgeting, saving and staying safe from scams and fraud.



**Good practice:**  
inclusivity – for new arrivals to Australia

**Promoting financial inclusion for culturally diverse communities, including new arrivals to Australia**

Larger banks partner with refugee settlement agencies and multicultural communities to raise awareness about services and provide education to help build financial capability and resilience among culturally diverse communities, including new arrivals to Australia.

Other people who may experience financial exclusion include people without internet access, people with low financial or digital literacy, people from culturally diverse backgrounds, people experiencing homelessness and people who are in prison.<sup>19</sup>

The BCCC has heard concerns from consumers and their representatives about ongoing challenges and barriers experienced by customers. Below are examples of customers who have been left without basic access to banking services in some cases.

## Barriers to basic banking for people in prison, including joint borrowers

One customer alleged her bank closed the joint account (and debit card) she held with her son who was in prison. She believed the bank decided to close the account because her son was in prison.

Another customer of a different bank alleged the bank froze the account she jointly held with her husband who was in prison. The account was used to deposit her wages and to pay the mortgage and living expenses for her children. She spent extensive time with the bank seeking a resolution.



**Poor practice:**  
inclusivity – people in prison unable to access banking services

**Barriers experienced by people in prison**

Community legal centres have described instances where clients in prison have been unable to open a bank account to deposit compensation owed to them. Barriers include inmates not having access to the internet for online banking services and being limited to 10-minute calls which are often wasted waiting for the bank to answer. Inmates do not have access to identification documents required by banks.

The Financial Counselling Australia report, *Double Punishment*, recommended the introduction of a central contact point in banks' hardship teams with decision making authority, specifically for people in prison, to minimise the difficulties and delays experienced by financial counsellors when advocating for their clients.<sup>20</sup>

<sup>19</sup> We have used the term 'people in prison' in this report as it is the term used in Financial Counselling Australia's report, *Double Punishment*

<sup>20</sup> [www.financialcounsellingaustralia.org.au/fca-releases-double-punishment-report](http://www.financialcounsellingaustralia.org.au/fca-releases-double-punishment-report), May 2018

The Indigenous Consumer Assistance Network's (ICAN) [submission](#) to the Code review highlighted systemic barriers experienced by people in prison. A report released by Thriving Communities Partnership in March 2021, titled *Fostering Financial Stability for People in Prison Project*, highlighted that a lack of financial support services and ability to address debts and maintain control over finances worsens the outcomes experienced by people during and after time in prison. It identified opportunities for improvement that were also relevant to banks.

The BCCC encourages banks to:

- Develop a process to enable notifications of imprisonment (that is shared with relevant business units).
- Tailor longer-term arrangements for people on remand with existing debts to recognise the uncertainty of the duration of remand and imprisonment.
- Develop a dedicated phone line or priority call routing for people in prison or on remand, given limited timeframes to self-advocate with banks.
- Be as flexible as possible with regard to identification requirements where people who are in prison do not have documents required by the bank for identification. For example, by accepting Corrective Services identification paperwork to satisfy 100 points of ID requirements.
- Engage at an industry level and, where possible, across sectors to develop a more consistent response to challenges faced by people in prison.



## Recommendation 7

Banks should develop an industry-wide approach to providing banking services to customers in prison.

### People with non-binary gender and/or gender dysphoria

A mother could not open a bank account for her 16-year-old son, who experiences gender dysphoria and had recently started a job. Her

son's birth certificate, which registered his gender as female, could not be updated because his father would not agree to the change. The son did not want to experience questioning that could result from having a female name on his bank card. This was likely to trigger existing mental health issues experienced by the young man.



## Good practice: inclusivity

### System change to allow the use of non-binary gender denomination

One major bank has work underway to implement a system change that will allow bankers to record Mx as the salutation for non-binary gender customers – which will flow through to cards and statements. In the interim, this bank has manual workarounds to record Mx.

Banks should consider, and seek expert assistance about, how their processes and systems impact transgender and gender diverse customers with a view to improving customers' experiences.

The BCCC encourages banks to consider whether their approach to the customers described above, and others in comparable situations, is contributing to financial exclusion and take steps to provide a more inclusive service.

### Lawful sex industry and those in their employ

A community advocacy group highlighted to the BCCC that sex workers and sex industry businesses face financial exclusion from basic access to banking services. It described banks' routine unwillingness to provide financial services to lawfully employed sex workers (self-employed or otherwise) or sex industry businesses. Banks' policies and risk appetite in this regard were also described as discriminatory. They should instead be based on the individual customer's merits and not on their industry or occupation generally.

# Organisational capability to comply with Part 4 of the Code

In February 2021, the BCCC published its report – *Building Organisational Capability* – which emphasised that, while it is crucial for staff to understand how to comply with the Code and why it is important, they must also be adequately supported by their organisation to do so.

The BCCC expects banks to develop the capabilities to ensure the bank and its staff can consistently comply with Part 4 of the Code.

This section of the report covers the following aspects of capability:

- Culture and executive oversight
- Governance
- Learning and development programs – staff skills and capability
- Collaboration and partnerships
- Product and service design, and
- Systems, data and insights.

## Culture and executive oversight

The Code's Part 4 obligations are crucial safeguards to ensure that all people, regardless of their characteristics or circumstances, experience fair outcomes.

The BCCC expects banks to:

- champion fair customer outcomes at every touchpoint
- be committed to continuous improvement to achieve this goal, and
- embed these commitments into their organisational culture and strategy, which should be advocated from the top down.

The level of executive oversight about issues impacting customers experiencing vulnerability or barriers to accessing basic banking services will demonstrate how seriously a bank takes its obligations under Part 4 of the Code.

The BCCC found that the majority of banks have invested heavily in developing a 'Vulnerability Strategy'. Banks have separate Accessibility and Inclusion Action Plans. These were supported by governance frameworks and endorsed by an executive sponsor which often involved banks' Customer Advocate in some capacity.

Many banks have dedicated resources responsible for reporting on and providing visibility of progress made to implement their vulnerability strategy. Several banks noted that taking extra care when dealing with customers in vulnerable circumstances was part of the bank's Environmental, Social and Governance (ESG) strategy.



### Recommendation 8

Banks should provide transparent reporting on their compliance performance with the obligations in Part 4 of the Code.

For example, where a bank's approach to vulnerability sits within its broader ESG strategy, it should provide relevant breach data in its report.

At the time of responding to the Inquiry, some banks were in the early stages of developing a vulnerability strategy and supporting governance framework. This is discussed further under the Governance section below.

The BCCC found that, generally, banks' senior executives and Boards are given oversight of issues relating to vulnerability via periodic or ad hoc reporting. Many banks' Customer Advocates lead these updates, providing customer insights, anonymised case studies and updates on key themes, emerging issues and areas of focus for the bank.

Banks with limited reporting about vulnerability highlighted the data collected on customer complaints, which includes the proportion of customers experiencing vulnerability. Several small banks provide their Board risk committees with Code breach data, which includes breaches of Part 4 of the Code (where such breaches have been identified). These banks should consider opportunities to expand oversight from senior executives of, and insights into, issues and outcomes relating to Part 4 of the Code to support continuous improvement.



### Recommendation 9

Banks should ensure Part 4 of the Code forms a prominent component of risk frameworks to ensure these obligations are front of mind for all business units, with adequate oversight from, and reporting to, senior executives and relevant Board committees.

Banks' leaders can have a powerful influence on staff behaviours from the tone they set in their everyday operational interactions – such as team huddles, discussions of escalated customer issues, quality assurance meetings and product and service review meetings – including what is included on the meeting agendas and which staff are invited to attend.

The BCCC found that larger banks have multiple forums dedicated to vulnerability and complex escalated cases that provide executive oversight and input.



### Good practice: escalation pathways

**Dedicated vulnerability forums that provide executive oversight and input**

- One major bank holds a weekly customer outcome forum.
- Attendance is expected from relevant front-line staff (case owners), middle management and executive level staff

who attend to discuss and resolve complex customer cases.

- It seeks to resolve complex and legacy issues efficiently – also seeking to ensure a consistent approach by the bank.

This gives front-line staff an escalation pathway, it allows front-line staff to attend the meeting to understand the decision-making process at this level and it demonstrates a customer-centric tone from the top.

This inclusive approach to decision-making will help staff to cultivate the right behaviours and empower them to make future decisions to support customers.



### Recommendation 10

Banks should develop a customer outcome forum that supports front-line staff to escalate complex or sensitive customer cases with senior decision maker input and guidance.

More broadly, the BCCC found that approaches to vulnerability varied and progress to embed a culture, strategy and framework to support customers who need extra care has been inconsistent. One major bank suggested the development of an industry-wide framework to establish benchmarks that can measure and demonstrate banks' performance against key capabilities – in the area of culture, governance, insights, product design, risk management, skills and capabilities, data and systems, service models and third-party relationships. The BCCC supports this suggestion.



### Recommendation 11

Banks should develop an industry-wide framework to report on vulnerability benchmarks to help measure how individual banks and industry as a whole are progressing towards agreed targets.

## Governance

The BCCC expects obligations in Part 4 of the Code to be built into banks' policies, processes and systems to enable staff to comply and ensure all customers are provided with the care they need to experience fair outcomes.

## Policies and processes

Policies and processes are important to build awareness and help staff to support customers. They also ensure that a consistent approach is adopted by staff.

The BCCC found that there have been improvements in this area since conducting the Transition Inquiry.

17 out of 19 banks have developed policies, procedures and/or guidelines for staff to follow when supporting customers who are experiencing vulnerability. They are also developing new or updating existing policies, including staff onboarding, customer identification, credit policies, complaint management, product and service policies, financial difficulty and debt collection. The majority of banks are working towards a bank-wide approach.

At the time of responding to the Inquiry, two banks were in the process of developing a vulnerability framework and detailed procedures.

Several banks advised the BCCC that these programs of work, including vulnerability policies, standards and/or frameworks would continue to evolve as their understanding of issues further develop. Further improvement was planned by several major banks in 2021.

The BCCC found that banks' approaches, including policies and supporting resources, were most comprehensive for domestic and family violence, and financial abuse. This should be a priority area for banks, especially in the context of rising incidents of abuse during the pandemic.

Acknowledging the broad nature of vulnerability, the BCCC expects that banks will continue to progress the development of approaches to more areas impacting customer vulnerability.



### Good practice: development of customer vulnerability frameworks and standards

- Several banks have or have planned to implement a customer vulnerability *Framework or Standard*.
- These frameworks or standards are underpinned by a series of guidelines to support the understanding and approach to numerous areas including inclusivity, accessibility, domestic and family violence, scams and fraud, elder financial abuse, financial vulnerability, hardship and wellbeing.
- Banks plan to expand the types of potential vulnerability covered as they further develop their understanding of vulnerability.



### Recommendation 12

Banks should review and iterate their governance documents and frameworks by taking into account internal learnings and emerging better practice from industry peers.

Frameworks, standards and supporting resources can help banks and their staff to treat customers in a consistent and fair manner. These documents are also a tool that can support products and service designers.



## Specialist teams

Several banks, including the four majors and some regional banks, have dedicated resources to specialist care or vulnerability teams. These teams generally use a case management model. The scope of matters dealt with by some teams is limited, for example to domestic and family violence, financial abuse and gambling. Banks confirmed further plans to build capability and staff expertise to expand the types of issues for which they can provide specialist support. Some specialist teams had a broader scope to support complex customer matters generally.



### Good practice: a bank-wide approach to vulnerability

- One major bank has built specialist care teams into multiple business units – also using a case management model.
- It has a specialist care team in the financial difficulty department. It also has a priority cases team in its complaint handling department.
- The bank has a separate specialist team that fields calls from the front-line branch staff dealing with complex or sensitive customer issues and that require support.

While many banks house specialist vulnerability teams within financial difficulty teams, this is a good example of a bank adopting a bank-wide approach.

Banks with specialist teams had better oversight of issues impacting customers. Banks' internal reporting included 'vulnerability specialist reports' and 'extra care weekly summaries'. These provide insight into outcomes, key trends and continuous improvement opportunities. Operational data such as call volumes and solutions implemented were also captured in reporting.

Banks without these specialist teams relied more heavily on complaints' handling data and direct customer feedback to provide insights.



## Recommendation 13

Banks should design processes to measure the outcomes experienced by customers who have not interacted with financial hardship and complaint handling teams.

This information will help to improve banks capability to support customers who, due to their circumstances or banks' existing processes, may not engage with more specialist teams or tell the bank when something is wrong or that they need support.

## Learning and development, including staff skills and capability

The BCCC found that all banks require staff to complete mandatory training related to the Code, including Part 4 of the Code. Banks monitor for completion via internal learning platforms. Training is undertaken during staff onboarding and is refreshed annually by most banks. Consequences for staff who do not complete training are linked to performance ratings and variable remuneration.

16 out of 19 banks have designed and rolled out dedicated vulnerability training related to various types of vulnerability experienced by people. The BCCC is concerned that three banks rely solely on mandatory Code training to train staff about vulnerability, inclusivity and accessibility.



## Recommendation 14

Banks should develop dedicated vulnerability, inclusivity and accessibility learning and development programs. They should deal with real-life customer issues that front-line staff are required to navigate day-to-day and include practical guidance on how staff can provide support.

## Tools that empower staff to provide extra care

The BCCC expects banks to empower and support staff to use their best judgment, initiative and emotional intelligence during customer interactions and decision-making to reach a fair outcome and prevent the risk of harm.

Beyond staff training and processes, we expect banks to develop tools to build staff capability to provide customers with extra care.

Several banks have developed basic and bespoke tools to support staff 'on the job' including:

- Supporting resources and guidance
- Self-led learning tools
- Escalation pathways for customers experiencing vulnerability
- Authority to act in the moment

## Supporting resources and guidance

Some banks' intranet sites contain supporting guidance for staff to easily locate during a customer interaction.

The BCCC found that banks have developed a series of supporting guides on specific ways they can support customers who require extra care. This also included conversation tools to help navigate critical customer conversations with sensitivity, respect and compassion.

As a minimum, most banks had guides relating to financial difficulty, domestic and family violence, and mental health issues, including suicide escalation resources and how to complete a welfare check. Several banks were in the process of developing these resources while other banks highlighted plans to expand the suite of guides to cover broader issues surrounding vulnerability.



### Good practice: supporting staff with practical information

#### Guidance available via intranet to help staff in practice

- One bank undertook a program of work to complete an end-to-end review of its Power of Attorney (POA) model across its business units
- In addition to improving its processes, policies and training, its aim was to develop 'on the job' resources for staff dealing with these arrangements in practice.
- Guidance and training covered potential indicators of financial abuse.
- The bank also plans to simplify the POA processes for staff and customers by enabling imaging and storage capability via a system where staff can access guidance.



### Good practice: supporting staff to make appropriate referrals

#### Contact details available via intranet to help staff make the right referral

- One bank developed an intranet site of contact details to enable staff to offer the right external referral for the customer to seek support outside of the bank made easily accessible via useful links on the front page of the banks' intranet site.
- It also included the details for the National Debt Helpline and state-based community legal centres.

This is a good example of the bank designing an 'on the job' resource to help staff to comply with clauses 41 (c) and (d) of the Code.<sup>21</sup>

The BCCC consumer group survey found that advocates were supportive of banks' referring customers to financial counselling and community legal services.

The BCCC encourages all banks to develop these resources to ensure staff have easily accessible guides to navigate sensitive issues and provide support to customers.



**Good practice:**  
AI technology that supports staff 'on the job'

**A virtual assistant 'bot' helps complaint handling staff provide extra care**

- One major bank developed AI technology (a virtual assistant or a 'bot') that provides front-line complaint handling staff with 'conversation style support' during customer interactions.
- The conversation flows are designed to help staff support customers in the moment.
- The bot is used alongside content from the bank's dedicated customer vulnerability intranet site – which contains relevant extra care content.
- The bank plans to further develop the bot's knowledge database to contain information about inclusive and accessible options that can support customers.



**Good practice:**  
self-led learning tools for bank staff

**Educational self-improvement content for staff**

A regional bank developed a suite of educational self-improvement content that staff can use to build their own capability. The education guides cover empathy, reflective listening, building the desire to help, effective communication strategies and extra care tool kits.



**Good practice:**  
internal escalation processes

**Guidance to bank staff for escalation of complex or sensitive issues**

One major bank's design of its operational model ensures customers' complex or sensitive issues can be escalated within the bank for review, guidance and approval to enter into bespoke solutions or arrangements.

Bank staff have guidance about how to practically escalate an issue internally, whether in a branch or a contact centre.

**Authority to act in the moment**

Banks are encouraged to provide front-line staff with authority to make decisions that can support customers in the moment. For example, some front-line staff are given authority to reverse fees charged to customers within a specific limit.

<sup>21</sup> For customers who are experiencing vulnerability, banks must provide appropriate guidance and referrals to help customers to maintain, or regain, control of their finances, and refer them to external support, if appropriate



### **Poor practice:** approval process to engage an interpreter

#### **Process barriers that make it harder for staff to meet customers' needs**

Front-line staff at one bank must seek internal approval to engage an interpreter to communicate with the customer.



### **Good practice:** empowering staff to provide extra care

#### **A fund that enables staff to provide extra help**

One major bank implemented an initiative to provide front-line staff with a fund that can be used to help customers 'in moments that matter'. The fund has been used to pay bills to ensure customers' utilities are kept on, for medical treatments and for vouchers for food and petrol to enable them to leave unsafe environments.

## **Collaboration and partnerships with third parties**

The BCCC expects banks to engage with organisations that can share 'lived experience' of the people they represent – to help banks understand gaps in product and service delivery that cause poor outcomes for some customers and take steps to close these gaps. Partnerships are imperative to help staff to better understand the challenges faced by customers and the role they play to provide support.

The BCCC found that there had been extensive engagement by banks with experts, community organisations and customer advocacy groups to inform vulnerability, inclusivity and accessibility training, product and service design and to seek to better understand the outcomes

experienced by customers in vulnerable circumstances. Four banks that had not yet undertaken this level of external engagement indicated plans to do so. One bank did not indicate any plans to increase engagement and the BCCC will provide this bank with individual feedback.



### **Good practice:** a regular consumer group forum

- One major bank established a regular consumer liaison forum in 2017 to engage with national experts and develop solutions to customer needs and service gaps. The meetings are held quarterly and can go over two days.
- The Council comprises of around 25 representatives from peak bodies and experts that advocate for community interests.
- The bank uses this meeting to also test prototypes or discuss ideas in emerging areas such as problem gambling and the Open Banking regime.
- At its first meeting, 260 ideas were generated about how to be a better bank – the bank then thematically categorised these to inform its work plans over several years.
- Intelligence from Council members is distributed to relevant business units to ensure vulnerability is considered when developing products and services.

While this example is a demonstration of a bank prioritising and investing in understanding customer needs, for these forums to be effective they should be targeted, time-efficient for member organisations, and with buy-in and representation from senior executives. Two days every quarter is a significant time commitment for attendees and consequently the BCCC encourages banks to consult with the member organisations when looking to establish consumer forums.

Some examples of partnerships that have helped banks to support and build staff capability to deal with complex and sensitive issues include:

### **Serious illness**

- A partnership with a leading national cancer charity to pilot an education training program to support staff (in general and specialist teams) to communicate effectively with people affected by a cancer diagnosis, including terminal illness. It helps staff to be aware of the impact this can have on people, families, and finances and to deliver the appropriate support.
- A partnership with a relevant support organisation that will provide a referral pathway for staff to refer customers or carers who may need support due to terminal illness.

### **Domestic and family violence, including financial abuse**

- A domestic violence working group and a family violence intervention program provider supported the development of family or domestic violence training modules.
- A partnership with a national community services network that will provide a referral pathway for staff to refer customers who require support due to experiencing family and domestic violence.
- Engagement with the Office of the Public Guardian and Queensland Police Service to report and investigate financial abuse.

### **Mental health and addiction**

- A non-profit organisation that provides free 24-hour telephone crisis support services was engaged to facilitate 'accidental counsellor' training for vulnerability specialist teams.
- A partnership with a leading national addiction treatment organisation to develop an e-module on gambling addiction.

### **Cultural awareness training**

- A specialist consultancy service providing cultural capability training was engaged to help a bank roll out cultural awareness training on Aboriginal and Torres Strait Islander Australians – this included full day face-to-face training for staff that support customers on a dedicated phone line.

### **Engagement with financial counsellors and community lawyers**

Several banks also noted regular engagements with financial counselling organisations and community legal centres to obtain feedback on how to improve staff engagement.

Frontline staff awareness of the vital role that consumer advocates play to support customers who are often disadvantaged or need extra care is important to ensure productive engagement with advocates. The quality of staff engagement with advocates is also influenced by the processes and systems in place.

The BCCC's engagement with consumer advocacy groups indicates that currently there are process barriers and inconsistencies across industry with respect to accepting a customer's authority for a community or legal aid lawyer or financial counsellor to act on their behalf.

These barriers cause significant time and outcome delays and often make it challenging to give advice to a client who in some cases risks disengaging in the process.



## **Poor practice:** engagement with financial counsellors and community legal services

### **Process barriers that put a strain on consumer advocacy resources and delay resolutions for customers**

- One financial counsellor advised the BCCC they were directed by a major bank to send the authority to three different email addresses – over a period of three days – before the bank would speak with them about the customer.
- Other inconsistent approaches to accepting authority that have been highlighted to the BCCC include:
  - variation in the specific inclusions expected by each bank, and within each bank’s business units, in the authority form
  - the requirement of account numbers on authority forms, where in many cases, the customers being represented do not know their account numbers
  - banks not accepting an organisation’s authority documents signed by the customer and requiring the customer to sign a separate bank branded authority form
  - banks not accepting a verbal authority by the customer for the financial counsellor to speak on their behalf during a conference call.

Suggested solutions to reduce barriers include:

- A signed authority of a registered financial counsellor or community or legal aid lawyer to act should be acceptable and adequate authority for the bank.
- Banks sign up to the Financial Counselling Australia portal, to verify if a nominated financial counsellor is a registered financial counsellor.

The BCCC also found that barriers extended to the processes and time required by advocates to receive relevant documents that have been requested to enable them to provide advice to the customer.



## **Poor practice:** engagement with financial counsellors and community legal services

### **Process barriers that make it hard for customers to get help when things go wrong**

On 29 September 2020, a financial counsellor emailed a major bank requesting copies of documents related to their client for the purpose of providing advice.

The bank provided some, but not all, of the requested documents within 10 business days. The financial counsellor contacted the bank multiple times over the course of the following 45 business days to follow up on the outstanding documents.

Each contact was met with barriers that impeded the financial counsellor’s attempts to obtain the outstanding documents, including the bank failing to respond to contact attempts, the bank transferring the financial counsellor between three different teams, and multiple failures by the bank to accept or retain the authority form that the financial counsellor had already provided.

The financial counsellor received the outstanding documents on 1 December 2020 only after escalating their matter within the bank.

Banks should recognise the important role that consumer advocates play to ensure that their customers experience fair outcomes. Staff should be empowered to work productively with community lawyers and financial counsellors and to escalate issues when following a process doesn’t ‘feel right’ in the circumstances.

Banks should consider an industry-wide approach in order to improve engagement with financial counsellors and community lawyers to ensure issues, such as the acceptance of authorities and provision of documents, are prioritised.



## Recommendation 15

Banks should review their processes to eliminate any barriers to: (a) accepting an authority from a financial counsellor or legal representative, and (b) providing documents required for customers to seek independent legal and financial advice in a timely manner.

## Product and Service Design – including systems, processes and technology

The design of products and services has a direct impact on the outcomes experienced by customers. As highlighted earlier, banks' understanding of its diverse customer base impacts internal decision making about product and service design.

The BCCC does not expect banks to develop products solely for customers experiencing vulnerability. However, they are expected to keep the diversity of customers' experience and circumstances front of mind during design processes. The BCCC encourages all banks to identify ways to improve customer outcomes through the design of products, services, systems and processes.

Most banks have embedded inclusivity, accessibility and vulnerability considerations into their design frameworks. External expertise has also informed banks' approach in this area. Banks have improved some existing products and service models. This has also been facilitated by developments in system capability and data analytics.

The BCCC found that banks are increasingly using data and existing systems to proactively identify customers who need extra care or who would benefit from a specific product, for example a basic bank

account or tailored customer service experience such as a dedicated Aboriginal and Torres Strait Islander customer phone service – and are seeking to engage with the customer for these purposes. These practices were most common among major banks.

The BCCC supports banks' use of data to help improve customer outcomes. However, banks should ensure that relevant data is used to provide extra care and not for other purposes, and that they seek a customer's consent to collect, store and use data where required.

Overall, the BCCC considers that there should be a focus at an industry level, by banks and the ABA, to agree on an approach to the use of data to proactively identify customers who require extra care, for example through a designated forum.

The BCCC has been informed by the ABA that it has been consulting with relevant parties, including the Office of the Australian Information Commissioner (OAIC), to develop guidance for the industry about the management of personal information that may be used to provide extra care to a customer. This will provide some clarity for banks.

## Basic bank accounts

Banks do raise awareness of basic bank accounts, but more can be done to proactively identify customers who are eligible and to tell them about relevant accounts. The BCCC's consumer group survey highlighted that industry improvement is needed to ensure that more eligible customers are given the opportunity to product switch to a basic account.

Banks described raising awareness of basic bank accounts via awareness campaigns and outreach programs, including via websites. While this is important to comply with Chapter 15 of the Code, more targeted campaigns should also be conducted.

In response to consumer advocate concerns about the low uptake of fee free accounts by customers on a low income, one major bank conducted an industry-first pilot program to proactively identify and migrate approximately 10,000 eligible customers from their current transaction account product to a basic account. This led to a second migration campaign targeting a further 30,000 customers.



### **Good practice:** proactive identification of people receiving a low income

#### **Staff trained to proactively raise awareness of basic accounts during collection calls**

- A bank trained staff in collections teams to raise awareness of the option of basic accounts (where eligible) during collections calls.
- Staff were trained to support the customer through the product switching process to make it easy.
- As a result of the increased awareness, 2,086 customers' transaction accounts were switched to a basic account between 1 July 2019 and 31 August 2020.



### **Good practice:** proactive identification of people receiving a low income

#### **Use of existing data to identify existing customers eligible for a basic account**

- A bank used transaction metadata associated with Government payments in customer accounts to identify customer product eligibility.
- It adopted an 'opt-out approach' to ensure that customers who are disengaged do not miss out on the benefits of low or no fee accounts.
- Its use of data led to the bank migrating 40,000 customers to a basic account.
- It also addressed the root cause of some fee-related customer complaints.
- The bank shared this method with industry peers via the ABA – to assist other banks to perform data-based eligibility assessments for basic accounts.

This is an example where the bank's approach to proactively identifying low-income customers removes the onus from the customer to self-identify.



### **Good practice:** proactive identification of people receiving a low income

#### **Use of existing data to identify existing customers eligible for a basic account**

Another bank identifies eligible customers where they receive more than 50 percent of their income from a government source. This bank then issues a letter to customers informing them about the availability of a basic account and the option to product switch. The bank planned to monitor the outcome of this awareness campaign with a view to using this approach as part of its regular contact strategy.



### **Recommendation 16**

Banks should use available data to identify existing customers who are eligible for a basic account and conduct targeted outreach to support customers to product switch. Banks should not rely solely on a customer disclosing a low income.

Other banks raise awareness of basic accounts during financial difficulty processes, for example, by including a message in hardship letters. Another bank provides information in its statement of financial position with work underway to provide targeted messaging via customers' online banking.



Several banks have system controls to ensure that staff cannot open a deposit product without first confirming whether the customer holds a government concession card during customer onboarding processes.



## Recommendation 17

Banks should raise awareness of basic bank accounts during customer onboarding processes and other customer interactions, such as financial difficulty and collections processes.

## Fraud and scams

Banks described ways in which they seek to proactively identify customers at risk of fraud and scams, including romance and investment scams.

One bank built up its data capability to proactively detect fraud and scams through the development of defined common scenarios where a customer may experience vulnerability. It also conducts quality assurance of accounts at heightened risk of scams and fraud.

Several banks described building fraud rules into their detection systems which sit over transactions data. These data rules seek to detect customer accounts that are at high risk of potentially fraudulent transactions. The rules can then trigger escalations to specific teams for investigation within the bank.

The investigation process requires banks to ask customers about any suspicious transaction and the purpose of a payment. Where staff are concerned about a customer's response, or their 'unrealistic beliefs about the purpose of a payment or the recipient', these banks will take additional steps to protect the customer.

Actions to prevent customer harm can include:

- placing a block or hold on an account
- cancelling cards
- removing or restricting access to a specific payment mechanism

- adding customers' accounts to watchlists
- referrals to the bank's specialised scam team or Customer Advocate, and
- reporting matters to the Australian Federal Police or state police where appropriate.



## Good practice: data analysis to prevent the risk of harm

### Data driven reviews to prevent the risk of harm

- One bank's fraud analytics team run a series of data driven alerts each month to identify breakdowns in customer onboarding or transactional processes that could indicate adverse customer outcomes.
- These include:
  - customers onboarded with 'dummy' email addresses captured which could indicate customers who are not active through online channels and may be at risk of not receiving critical product disclosures
  - customers onboarded with branch addresses recorded in place of their own address which could indicate customers with non-standard addresses who may be at risk of not receiving critical product disclosures, and
  - indicators of unauthorised viewing or access to older customer accounts by bank staff which could indicate planned or actual theft from customer accounts.

Several banks described scam detection systems with algorithms that alert and prevent likely scam payments digitally and in branch – which allows staff to ask customers scam specific questions. One major bank developed a pilot program where a flag is applied to a previously scammed customer's account for increased monitoring to prevent the risk of reoccurrence.



### **Good practice:** systems that prevent the risk of harm

#### **Delaying payments to ‘high-risk scam merchants’**

- One bank confirmed its digital platform has existing technology which acts as a system control that can delay payments to ‘high-risk scam merchants’.
- This allows the bank to use the time to intervene to prevent the scam and provide awareness and education with the customer – before the payment occurs.

The BCCC also acknowledges that despite the good practice identified above, the significant losses to scams suffered by consumers during COVID suggests that banks still have more work to do in proactively identifying and preventing scams, and protecting customers experiencing vulnerability from scams.

## **Financial abuse**

### **Systems designed to prevent financial abuse via online channels**

Some banks highlighted that online channels, including internet banking and banks’ apps, have system controls in place to prevent the risk of financial abuse from authorised third parties, including for Powers of Attorney (POA), Enduring Powers of Attorney (EPOAs), Guardianship/Administration Order(s) and Signatories (combined ‘authorised third parties’). Banks that demonstrated good practice allowed authorised third parties to access the customer’s account using a separate dedicated customer reference number and password – instead of the customer’s user details.

Daily transaction limits apply to authorised third parties and supporting processes are in place if any suspicious transactions are identified.



### **Good practice:** website design to prevent the risk of harm

#### **Inclusive website design that protects customers from the risk of harm**

- Several banks provide accessible supporting resources for customers seeking information about domestic and family violence, including financial abuse.
- Some banks designed websites to allow customers to click a tab ‘Quick Exit’ in the event they are interrupted by a perpetrator.
- The website then re-directs the customers to a general page, such as Google or other commonly used web pages. The previous page is not retained in the browser history.

This is an example of the bank designing its services to empower customers with useful information about how the bank can help and what they can do to protect themselves. The design also considers the practical challenges experienced by customers seeking support and ensure its service design reduces the risk of harm.



### **Recommendation 18**

Banks should continue to explore ways to proactively detect financial abuse, as they do with fraud and scams.

For example, to identify possible financial abuse banks should consider transactional data, including large withdrawals, a series of payments to a new payee, sudden increased spending, logins from new devices (including multiple geographical locations), increased online logins or other changes to account management or behaviour.

## Systems designed to identify and prevent abuse via online transactions

Following the lead of one major bank, several banks have implemented system controls to reduce the risk of abuse (including threats of harm) perpetrated through online banking platforms.

This was an industry-wide issue that related to the use of the free text transaction description field on electronic transfers by some customers to write abusive messages.

One bank's initial review found that over 8,000 customers in a three-month period received one or more low value deposits (less than \$1) which contained abusive language.

Another major bank developed automated system controls to restrict customers from using specific profanity words, which are identified via its internal 'Profanity List', for transactions initiated via the bank's online channels. The system control is triggered to stop the transaction from proceeding. This bank noted that it is exploring opportunities to improve its approach alongside other system controls. This included capability that allows customers to blur the transaction history description from specific people (for inbound payments).

When addressing the House of Representatives Standing Committee on Economics in September 2021, senior leaders from the four major banks provided updates on their work on this issue.<sup>22</sup> Banks have blocked tens of thousands of transactions with abusive messages in recent months and work on the issue is ongoing.



**Good practice:** systems that allow inbound reports of abuse

### Designing tools that allow customers to report abuse and harassment

- In addition to outgoing transaction controls that prevent abuse, one major bank piloted capabilities to empower customers to report abuse or harassment they receive via inbound payment transactions.
- The customer can click a 'report' button within the bank's digital platforms.
- This bank reported blocking 24,000 payments made by 19,000 customers – telling the user to change the language used in the payment description.
- On 800 occasions the bank took other action including, suspending or cancelling accounts.
- It referred more than 70 customers to the relevant authorities.

The BCCC was encouraged that one bank's discovery of this issue was raised by the bank at an industry level. It shared its analysis, insights and technical approach to help its peers to build capability to also detect and address this concerning issue.

## Finding industry-wide issues and sharing the solution with industry peers

- Following the lead of one major bank, industry have implemented system controls to reduce the risk of abuse (including threats of harm) perpetrated through online banking platforms.

<sup>22</sup> [https://parlinfo.aph.gov.au/parlInfo/download/committees/commrep/520d620d-5f81-4f38-a28e-527f78667d83/toc\\_pdf/Standing%20Committee%20on%20Economics\\_2021\\_09\\_23\\_9138.pdf;fileType=application%2Fpdf#search=%22committees/commrep/520d620d-5f81-4f38-a28e-527f78667d83/0000%22](https://parlinfo.aph.gov.au/parlInfo/download/committees/commrep/520d620d-5f81-4f38-a28e-527f78667d83/toc_pdf/Standing%20Committee%20on%20Economics_2021_09_23_9138.pdf;fileType=application%2Fpdf#search=%22committees/commrep/520d620d-5f81-4f38-a28e-527f78667d83/0000%22)  
[https://parlinfo.aph.gov.au/parlInfo/download/committees/commrep/b69857d5-1945-4a52-b5ce-0c561358aaf4/toc\\_pdf/Standing%20Committee%20on%20Economics\\_2021\\_09\\_09\\_9103.pdf;fileType=application%2Fpdf#search=%22committees/commrep/b69857d5-1945-4a52-b5ce-0c561358aaf4/0000%22](https://parlinfo.aph.gov.au/parlInfo/download/committees/commrep/b69857d5-1945-4a52-b5ce-0c561358aaf4/toc_pdf/Standing%20Committee%20on%20Economics_2021_09_09_9103.pdf;fileType=application%2Fpdf#search=%22committees/commrep/b69857d5-1945-4a52-b5ce-0c561358aaf4/0000%22)

- Since then, banks have been exploring ways to improve their response to this issue, including through engagement and consultation with community organisations and law enforcement.
- Sharing this methodology with industry peers also led to increase industry capability to prevent the risk of harm.

The BCCC considers the [ABA industry guideline on Responding to Family and Domestic Violence](#) as good industry practice and supports its plans to update the guideline to include best practice approaches to abuse in transaction descriptions.



### Recommendation 19

Banks that discover industry-wide issues should share them with peers to improve the way banks detect, prevent and respond to risks of customer harm. Banks should not treat innovative solutions as competitive advantage in matters related to vulnerability.

## Vulnerability and accessibility indicators

One major bank developed ‘vulnerability indicators’ to support its data science and insights teams for the purpose of designing better customer experiences and outcomes. The bank developed a framework for the use of these indicators, limiting access to restricted user groups and key staff required to deliver on this purpose.

It seeks to identify issues and improve customer outcomes by, for example, analysing product and channel cohort data against its vulnerability and accessibility indicators to identify disproportionate impacts for certain customer groups or to identify opportunities for service improvement.



### Good practice: use of data to proactively identify customers who may require extra care

#### Pro-active identification of customers who may need tailored support

The bank analysed its existing data to identify customers who were eligible for its dedicated Aboriginal and Torres Strait Islander customer assistance phone service, but who may not be aware of the service. It proactively identified an additional 800 customers who were eligible and contacted them to raise awareness of the service to improve their future service experience and outcomes.

Some banks have taken steps to identify customers eligible for a basic bank account and have contacted them to raise awareness and support them through the product switch.

The bank also developed a tool to help authorised staff in complaint handling teams to quickly review and consider aspects of customer vulnerability based on a customer’s profile information and transaction data. This is analysed alongside a range of external data, such as ABS socio-economic profiles and Federal Government income support assistance data. Together, this helps the bank to identify customers who may be potentially vulnerable due to a combination of personal, situational, or other circumstances – and to provide appropriate support.

The BCCC compliance update on the cancellation of direct debits reported that in 61% of interactions, staff members did not appear to recognise that the customer may be experiencing financial difficulty.<sup>23</sup> It is vital that bank staff are able to identify when a customer may need extra care or additional support and refer them to appropriate staff, teams or other services.

23 [BCCC-compliance-update-cancellation-of-direct-debits-September-2021.pdf](#), September 2021



## Recommendation 20

Banks should conduct thematic and data-driven reviews to better understand customer needs, issues and outcomes.

These reviews could use basic demographic information to identify persistent issues in product use, patterns in transaction data and other behaviours.

### Flexible identification

Following updates to the AUSTRAC guidance, some banks described piloting an exception or override approach to the standard identification policies and processes for customers with limited access to identification documents.

This good practice inclusive design process improves the experience of customers impacted by homelessness, domestic or family violence, elder abuse or financial abuse and minimises the risk of further harm.

### Financial difficulty

The proactive identification of customers at risk of experiencing financial difficulty is an area that continues to be explored by banks.

Several banks are considering how data analytics methodologies can be leveraged for this purpose. One major bank implemented a proactive communications program which relies on key reporting indicators to identify lending customers at risk on a monthly basis.

Key indicators include:

- Pay vs spending ratios
- Pay vs spending changes
- Credit average balance slope
- Over limit credit card(s)
- Centrelink payments
- Gambling transactions

Customers identified through the above indicators are proactively contacted via SMS to raise awareness of the dedicated financial difficulty assistance team, including contact information and links to support tools on the bank's website.

Other banks are also seeking to develop pre-delinquency programs that utilise external data, such as comprehensive credit reporting, to identify potential indicators of customers at risk.

The BCCC encourages banks to continue the development of methods to proactively identify customers at risk of financial difficulty and provide support. However, banks should be mindful that the data is not used to the detriment of the customer, for example, by taking actions that could lead to price discrimination or that have a negative impact on a customer. Programs of work should aim to:

- Proactively communicate with customers and raise awareness about help available.
- Empower customers with useful and relevant information about channels through which the customer can contact the bank for support or tools they can use to remain in control of their finances.



## Recommendation 21

Banks should identify effective ways to proactively identify customers at risk of experiencing financial difficulty and raise awareness of their approaches with industry peers to increase capability across industry.



### **Poor practice:** systems causing poor customer experience

#### **A financial difficulty arrangement that could not be extended due to system capability**

- In March 2020, the bank agreed to enter into a financial difficulty arrangement with a customer who ran a beauty salon that was impacted by the COVID-19 shut down.
- The customer was forced to close the business due to the Government's response to the pandemic.
- A three-month deferral of payments was agreed upon, with payments to resume in July 2020.
- Once Government restrictions were lifted, the business re-opened in June 2020, however the customer's financial situation remained depressed.
- The customer requested a further three month deferral of repayments.
- The bank could not accommodate this second arrangement while the system had the original agreement in place.
- The bank told the customer to call back at the end of the original three months to ask for the terms to be reinstated.
- The bank could not guarantee the terms of the agreement would be accepted at that time.
- The customer engaged a community legal centre to seek help.

This is an example where the bank's systems led to a poor customer experience increasing financial stress and uncertainty during a pandemic environment.

Consumer advocates informed the BCCC that inflexible and legacy systems are often the cause of banks' inability to agree to a proposed resolution, including longer-term arrangements. Banks often advise that the deferral of repayments cannot be arranged due to system limitations and issues. This feedback was not limited to one bank.

Banks should identify this as an opportunity to improve customer experience.



### **Good practice:** product design that considers vulnerability

#### **Home loan design features that address financial difficulty caused by bereavement or terminal illness**

- Home loans are often for 30-year terms. It is not uncommon for people to experience bereavement or a serious illness during this period.
- One major bank designed a home loan feature with this type of potential vulnerability in mind. It provides complimentary protection to support customers in the event their spouse or dependent is diagnosed with a terminal illness or passes away.
- The protection supports the customer by paying their repayments for 12 months – where the loan is for an owner-occupied property.

### **Product design – gambling blocks**

Some banks implemented thresholds to inform gambling interventions. For example, one bank's policy is to apply a block on gambling transactions on a customer's credit card if the customer's balance exceeds 85% of their available credit. This bank's policy seeks to ensure that customers retain available funds for essential purchases.

The BCCC acknowledges that intervention in this area is challenging. Transaction data does not provide the contextual information required by banks to decide when the bank should intervene, if at all. There are examples, such as lending decisions, where interventions are expected.

Several banks introduced self-serve options for customers to decide whether to apply gambling blocks to their credit card. This approach empowers customers to self-identify an issue or potential issue and intervene on

their own terms. Good practice includes design features that allow a customer to activate the block feature within 15 minutes and prevent its removal for 48 hours. This impulse delay feature aims to assist customers who seek a block intervention.

Banks should seek to enable gambling block capability via online channels to encourage customer self-identification and intervention.



### **Good practice:** inclusive product design features

#### **Empowering customers to apply gambling blocks on their credit card**

- One major bank implemented a gambling and cash block.
- This enables staff to request the block be applied to the customer's credit card account on request.
- The block will prevent gambling transactions for online gambling sites and lottery tickets.
- The block also prevents:
  - cash advances from money transfers or traveler's cheques.
  - money withdrawals and transfers by a customer or an additional cardholder via the bank's ATM, branches or online channels.

This is a good example of the bank empowering customers through inclusive product design to take control of their situation and finances.

One major bank developed a gambling working group for the purpose of discussing existing and new approaches to addressing gambling risk for its customers. To do this, it developed a gambling dashboard that tracks overall customer spend on various forms of gambling. The report insights allow the bank to monitor trends and demographic factors to inform future policy direction and strategy.

## **Artificial intelligence (AI) and chat bots**

Banks are in the early stages of piloting the use of AI technology and chat bots to help identify customers who may need extra care.

Major banks indicated that work was underway to improve the outcomes experienced by customers. One bank indicated its data science team was using data analysis to develop an AI-driven 'next best conversation' framework. The purpose of this AI-driven solution is to help front-line staff to have meaningful conversations with customers experiencing vulnerability.

The BCCC supports the use of innovative technology to increase the ways customers can engage with the bank, and the ways the bank can support customers. However, it expects that these technologies be developed within robust ethical frameworks. Banks should also be mindful of the problem of algorithmic bias when considering AI in decision making systems that can result in unfairness.<sup>24</sup> [Australia's Artificial Intelligence \(AI\) Ethics Framework](#) guides businesses to responsibly design, develop and implement AI. The AI Ethics Principles are a voluntary framework, designed to complement AI regulations and practices.



### **Recommendation 22**

Banks should ensure the development and use of AI technology to support customers meets Australia's Artificial Intelligence Ethics Principles and Framework.

Another major bank was in the early stages of deploying an online chatbot designed for direct use by customers. The chatbot has the capability to identify a broad number of explicit vulnerabilities based on customer inputs. The objective of the chatbot is to understand 'a customer's primary intent and assist in the easiest way possible', with the option to escalate to a staff member via live chat for extra care where required.

24 <https://humanrights.gov.au/about/news/new-tools-fairer-ai>

If, for example, a customer inputs an accessibility requirement (such as a hearing or vision impairment) the bot can offer to route the customer to chat with a dedicated chat banker during chat hours. Importantly, its user interface is accessibly designed with screen reading software to allow for the interaction to take place entirely over chat. The chatbot also has capability to connect the customer to a telephone service representative, through the National Relay Service.

The technology is also designed with a 'high risk' handling feature which prioritises escalation to a chat banker where the customer mentions themes of self-harm, suicide, domestic violence or a threat to bank staff or property.

The BCCC supports the development of online channels for customers to communicate and disclose their needs where this is their preferred method.



### **Recommendation 23**

Banks should ensure that customers can easily disclose their needs through a range of channels, including email, phone, websites, mobile applications (apps) and in person via a branch (where applicable).

Where communication extends to online channels an integrated approach should be adopted – human interactions may be needed to enable real-time intervention to prevent the risk of harm.

There may be some scepticism about the role of automation beyond identifying customer needs and using them as a customer routing mechanism to direct customers to trained staff who can have a sensitive, compassionate and caring conversation with the customer. However, the BCCC supports further developments in this area and will be

interested to further understand the uptake of these automated services and the outcomes experienced by customers using this technology over time.

## **Systems flags and alerts**

Consumer advocates suggested that there is room for improvement with respect to how banks record data about customers experiencing vulnerability.<sup>25</sup> For example, where a customer discloses their circumstances or needs in a branch, this needs to be appropriately recorded in systems to inform other relevant parts of the bank. Failure to do so can result in inconsistent customer treatment and require the customer to repeatedly describe their circumstances which can cause frustration and distress.

The BCCC supports consumer advocates' views on this matter. Banks should have an approach to ensure that customer needs are appropriately recorded so that the right level of care is provided bank-wide. Banks should record customer information in accordance with the Australian Privacy Principles.

The BCCC found that six out of 19 banks were not using systems flags and three of those six banks had plans to implement a system flag but had deferred this until the ABA releases its industry guidance on recording and using information about vulnerability.

Banks do not use system flags that indicate a vulnerability status generally. Nine out of 19 banks had implemented one or more flags that related to specific vulnerability indicators or customer needs.

25 <https://bankingcodereview.com.au/wp-content/uploads/2021/08/Submission-Consumer-Groups-Joint-Submission.pdf>, page 43





## Good practice: use of system flags

- One of the major banks described a process whereby it seeks customer consent to apply an 'extra care flag' to their profile about the extra care that may be required, along-side contextual notes.
- The bank developed 10 extra care lags for front-line staff to select. The flags prompt front-line staff to meet customer needs, including to:
  - Speak more slowly and clearly for the customer
  - Take customer to a quiet room (branch care)
  - Extra time, patience and sensitivity required
  - Written communication required
  - Refer customer to interpreter or National Relay services
  - Customer has Administration, Guardianship or Power of Attorney
  - Refer customer to escalation team
  - Customer has safe communication instructions or extra caution confidentiality instructions in place
  - Customer has advised of potential financial/elder abuse
  - Customer is experiencing situation/ circumstance and may require specialist case management support.
- The flags and supporting guidance help staff to record notes where extra care is required for the customer (including what to record).
- The bank monitors and reviews accounts with extra care flags attached to ensure free text fields do not contain any detail about the customer's sensitive circumstances that is not reasonably necessary or appropriate. Relevant feedback is given to branch managers and contact centre team leaders for corrective action.

This bank has focused on customer needs and limited sensitive personal information collected solely for the purpose of meeting the customer's needs. While there is a risk that system flags may not provide the level of detail required by staff in all cases, the system flag should prompt staff to review supporting contextual notes to deliver the level of care required.

Some banks highlighted that, due to the complexity of vulnerability, the unique circumstances of customers could not be captured in a system flag. Instead, some banks relied on system alerts and notification that prompt staff to review notes and/or encourage staff to tailor their approach and conversation with the customer.

While banks consider a system 'flag' to be a useful tool to prompt staff to identify when customers require extra care, respond proactively, make further enquires, initiate the appropriate discussion with the customer, and prioritise cases – they also detailed risks and current challenges associated with the use of a vulnerability system flag.

Banks cited privacy concerns associated with the use of a dedicated flag and record of customer information. Other risks and current challenges of using a system flag included that:

- Flags are too general in nature, lack context and provide insufficient information about the customer's circumstances – supporting narratives are also needed.
- Flags may remain on customer accounts longer than required.
- Flags may be removed from customer accounts before it is appropriate.
- Flags should not remain on an account indefinitely – retention timeframes will depend on the nature of the vulnerability.
- The information may be utilised for different purposes, for example if the information is used to inform a credit assessment.

Other issues related to the nature of information that should be collected and recorded by the bank – and whether it is reasonably necessary or appropriate to record all sensitive information.

At an industry level, the BCCC cautions banks against treating their privacy requirements as a barrier to providing the appropriate level of care to customers. The BCCC anticipates that the ABA's work with the OAIC will address some of the banks' concerns in this area.



## Recommendation 24

Banks should design systems and processes to prompt staff to request and record information about a customer's needs to ensure that staff have the capability to tailor their approach. Staff should be provided with clear guidance on any *dos* and *don'ts* when requesting and recording information about a customer's needs.

The justification for banks collecting sensitive information is to provide the level of care and service required by the customer during the banking relationship. Staff need to be clear about what information they should collect and avoid collecting information that is 'nice to know'. Banks must also ensure that they do not use this information for any inappropriate purposes.

It is vital that banks are clear and transparent with customers about the information they seek to record and for what purpose – how the information will be used by the bank. In some circumstances, the customer should decide whether they want the bank to record this information.

Separate to staff training and awareness campaigns, banks should consider ways to simplify how front-line staff handle customer disclosures and collect relevant information that will assist the bank to provide extra care. A decision-making framework or guidance may help staff to ask questions that will help them to decide if they need to record the information or not.

As an example, if a customer discloses certain sensitive information about their circumstances, staff may ask whether the information the customer disclosed:

- will impact the customer now or in the future? If yes – then
- whether this impact will affect the way the customer interacts with the bank? If yes – then
- whether as a result extra care or support is needed from the bank?

If the answer is 'yes', then this may be a good indicator that the bank should seek to record the information for the purposes of providing the customer with the level of care required. If the answer to any of the preceding questions is 'no' then staff shouldn't record the information.

## Measuring customer outcomes to improve product and service design

The BCCC expects banks to develop measures of customer outcomes. Banks were asked whether they developed any methods to assess or measure the outcomes experienced by customers, including customers experiencing vulnerability.

We found that, in general, banks' reviews of customer outcomes rely on direct customer feedback, including Net Promoter Score (NPS) surveys, thematic reviews of complaints and financial difficulty data.

Banks' quality assurance processes, such as call monitoring, also help to assess customer interactions and the outcomes experienced. We are concerned that several banks rely solely on customers providing direct feedback. Three out of 19 banks had not developed any specific methods to assess the outcomes experienced by customers experiencing vulnerability.



## Good practice: targeted data driven reviews of poor outcomes

### Targeted data driven reviews of customers 'exited' by the bank

- One major bank identified an increase in the volume of complaints about the bank's decision to terminate a banking relationship with a customer, over several years.
- In 2020, the bank identified higher than normal volumes of terminations.
- At the time anecdotal feedback suggested increased incidents of customer aggression in branches.

The bank recognised the potential link of the bushfires and the pandemic to heightened customer stress.

- The bank's Customer Advocate wanted to understand whether certain customer cohorts were over-represented in the affected population of customers exited and if any groups were disproportionately impacted by the bank's decision-making process.
- The bank's review found that of the 3,352 decisions to exit customers over the last two years, 20.6% were customers on the Disability Support Pension (DSP) and 21.6% on an unemployment payment.
- It reviewed a sample of 200 related complaints and found that in around a quarter of the cases, the Customer Advocate disagreed with the decision or concluded that additional support could have been offered during and after the decision to exit the customer.

This data-driven review led to process improvements to assist branch teams to identify customers who require extra care. It also led to the design of an escalation process to the Customer Advocate where required.

One regional bank implemented a 'Voice of the Customer' system that captures customer feedback following key interactions, with responses presented in real time through self-service dashboards and reporting. The bank then uses this information to inform business decisions that improve the customer experience.

Larger banks described reviews of the outcomes experienced during specific customer service milestones to identify opportunities to improve the design of services.



## **Good practice:** developing new ways to measure customer outcomes

### **Development of a financial wellbeing measure to assess customer outcomes and financial wellbeing**

- One major bank worked with an external research organisation to lead research into developing a definition and measure of customer outcomes and financial wellbeing.
- Its 'financial wellbeing scale' is derived from people's responses to five questions about their perceptions and experiences of their own financial wellbeing, viewed alongside the bank's observed financial wellbeing scale derived from five measures of the customer's actual financial records.
- The bank plans to use the measure to report on customer outcomes and trends over time to inform strategy, including investment and product development.
- It will also be used to personalise marketing and digital experiences for customers based on outcomes.
- The bank expects this to be a valuable tool for policymakers, financial institutions, services providers and researchers.

This bank is investing in research to improve its approach to measuring customer outcomes in the future to inform internal strategy and the design of product(s) and service(s).



## **Good practice:** targeted reviews of customer experience

### **Review of customer experience during complaint handling processes**

- One major bank partnered with an external organisation that specialises in benchmarking customer experiences to undertake research on customers experiencing vulnerability that lodged a complaint and were assigned a case manager.
- The objective of the research was to gain a deeper understanding of the end-to-end experience of customers experiencing vulnerability, specifically to:
  - identify and clearly articulate the behaviour/feelings/ thoughts of customers who had experienced the process
  - assess the experience for customers who have interacted with the dedicated specialist team
  - identify strengths and weaknesses, including opportunities to create more positive and supportive experiences for customers, and
  - inform the development of an effective ongoing customer feedback program which is appropriate and sensitive to the needs of vulnerable customers.

This bank wants to assess and improve the outcomes experienced by customers during specific customer-bank interactions.



## **Recommendation 25**

Banks should measure the outcomes brought about by newly designed products and services to ensure that they are delivering better customer experience.

# Monitoring compliance with Part 4 of the Code

**The BCCC's Building Organisational Capability Report highlighted the importance of robust compliance frameworks that can detect and examine Code breaches when they happen, including the genuine root cause, and identify actions to prevent recurrence.**

This section of the report covers:

1. Banks' self-reported breaches to the BCCC, and
2. Compliance monitoring.

## Banks' self-reported breaches to the BCCC

Since the introduction of the Code's Part 4 requirements, the number of breach incidents reported by banks under each Chapter has increased in each reporting period (Table 1).

For the July to December 2020 period:

- nearly half of the breaches were reported by one major bank, and
- eight banks did not report any breaches of obligations under Part 4.

The BCCC is monitoring this area closely and is particularly mindful that some banks are reporting zero breaches.

**Table 1: Part 4 Code breaches**

Code Chapter	Jul to Dec 2019	Jan to Jun 2020	Jul to Dec 2020
13 Being inclusive and accessible	25	45	53
14 Taking extra care with customers who may be vulnerable	101	347	442
15 Banking services for people with a low income	18	101	80
16 Basic accounts or low or no fee accounts	10	11	16
<b>Total</b>	<b>154</b>	<b>504</b>	<b>591</b>

For each respective reporting period, more than half of the breaches were caused by human error.

To date, the nature of incidents reported can be broadly categorised as:

- Failure to identify and take extra care with customers who may be experiencing vulnerability
- Failure to consider a customer's vulnerability when providing a service
- Failure to take extra care with vulnerable customers who are subjected to scams or fraud
- Failure to ask customers if they hold a concession card
- Failure to offer a low or no-fee account to a low-income earner
- Suggesting to customers living remotely to visit a branch to solve their issue, and
- Errors made when dealing with a Power of Attorney or Financial Management Order.

## Compliance monitoring

Banks are expected to monitor compliance with Part 4 of the Code across all customer communication channels, including branch networks, customer contact centres and online channels. Monitoring should involve reviewing front-line staff's customer interactions to confirm compliance with the obligations.

Banks were asked about the types of monitoring in place to ensure adherence to its policies to comply with Part 4 of the Code across all relevant channels.

Based on banks' responses, the BCCC found that banks' compliance monitoring was more mature in contact centres than for interactions taking place in branches (where applicable) and via online channels.

It is concerning that several banks have limited compliance oversight of front-line branches and interactions through online channels – although some banks confirmed

plans to build on their monitoring capability across these channels to ensure compliance with Part 4 of the Code. The BCCC is disappointed that some banks had not integrated processes to monitor compliance with Part 4 into monitoring programs in a timelier manner.



### **Good practice:** risk frameworks

#### **Risk frameworks expanded to include obligations from Part 4 of the Code**

- One major bank revised its risk framework to include 'Consumer Accessibility and Vulnerability'.
- The bank defined the risk as the 'failure to ensure accessibility of key banking products and services for all customers, and inappropriate or inadequate responses to customer vulnerabilities resulting in poor or unfair customer outcomes'.
- The bank's conduct risk team commenced work to incorporate baseline customer accessibility and vulnerability considerations for its prioritised risk types, including financial hardship, debt collections, product design and distribution, responsible lending, third parties and product communication.
- Each business unit will be given risk guidance, refreshed obligations and controls library for each risk type.

The bank has prioritised and enhanced oversight of the Part 4 Code obligations. The BCCC expects the scope of this work will also contemplate barriers that can cause financial exclusion.



### **Recommendation 26**

Banks should design a quality assurance measure that monitors compliance with Part 4 of the Code across all customer channels.

The objective should be to ensure that front-line staff appropriately identify and consider the customer's needs and take all steps reasonably necessary to address those needs.

### **Branch Networks**

Branch staff work with the banks' diverse customer base, older customers and people with additional needs every day. They play a key role in detecting and preventing the risk of customer harm or poor outcomes. Separate to ensuring the completion of mandatory training to achieve these outcomes, banks must build a robust monitoring framework to detect non-compliance with the Code.

The majority of banks conduct the following monitoring activities via branch networks.

### **Quality assurance (QA) reviews**

QA testing is completed on staff record keeping and in some cases branch calls.

One major bank calls these notes 'customer needs records' which are reviewed on a sampling basis each month to ensure that the customer outcome aligned with the captured requirements, objectives, financial situation and needs. This is a good practice example of a bank embedding customer needs in its branch network processes and monitoring.

Some banks confirmed that they review staff adherence to certain operating processes. For example, where a new customer opens a transaction account, that staff make appropriate enquiries about any concession cards a customer may have to help to determine their eligibility for a basic account.



## **Poor practice:** limited monitoring oversight of branch staff compliance

### **Limited compliance monitoring of the inclusivity and accessibility obligations in Chapter 13 of the Code**

One bank's compliance monitoring of inclusivity and accessibility is limited to monthly attestations completed by branch managers.

*I confirm that for my area of responsibility and based on observation, processes have:*

- been in place, and
- operated effectively

*to ensure the services provided by my team to customers are inclusive to all people including; older customers, people with a disability, Indigenous Australians (including in remote locations) and people with limited English and that staff have taken reasonable steps to enhance access to banking services for these customers'*

Due to the general nature of this attestation, the BCCC has concerns about how the bank can ensure it has effectively detected any staff non-compliance with the inclusivity and accessibility obligations. This attestation needs to be underpinned by assurance reviews to test whether staff do in fact comply with the specific obligations under Chapter 13 of the Code.

## **Mystery shopping**

Several banks use mystery shopping to assist in monitoring, reporting and obtaining feedback about how branch staff perform specific processes in practice. The frequency of these mystery shopping exercises was unclear.

Bank's mystery shopping exercises focused on staff adherence to processes relating to financial difficulty, provision of information, basic bank accounts and direct debit obligations. Mystery shopping did not go far

enough to test processes dedicated to vulnerability, accessibility or inclusivity. Banks could improve by specifically testing staff, for example, on the need to engage an interpreter for a non-English speaking customer, to detect and respond to suspected financial abuse and to provide information to a customer living remotely that does not require them to commute to the closest branch.



## **Recommendation 27**

Banks should expand the scope of mystery shopping exercises to test obligations specifically relating to inclusivity, accessibility and vulnerability.



## **Good practice:** assessing staff awareness in practice

### **Test staff awareness and competence to comply and use the results to close knowledge gaps**

One bank conducts a quarterly survey to assess staff understanding of processes to comply with the vulnerability requirements in Chapter 14 of the Code – and financial difficulty, direct debit and complaint handling requirements.

The assessment includes whether staff can locate internal resources and tools to provide customers with support. Staff test results inform refresher training.

## **Live observations**

Banks also commonly conduct live observation of customer interactions with branch staff. One bank conducts live observation and targeted monitoring of specific conversations held with customers that it considers more at risk. These live observations assess conversational skills to ensure that staff use open questions to understand a customer's needs and circumstances.

However, banks' responses did not detail the specific factors assessed in live observations to uplift compliance with the obligations in Part 4 of the Code.

## Customer Contact Centres

Banks' customer contact centres include financial difficulty, collections, complaint handling, and general customer service teams. They also include specialist teams, such as vulnerability teams, and Aboriginal and Torres Strait Islander customer assistance phone lines. Staff in these teams play a pivotal role in detecting and responding to customers who have additional needs – particularly when things go wrong.

## QA reviews

QA reviews are the key monitoring activity conducted in call centres – on call recordings, record keeping and to a lesser extent emails and letters sent to the customers.

Larger banks advised that in addition to regulatory obligations, Code requirements are built into QA templates to guide quality analysts – to determine if the customer's needs were met with respect to vulnerability – including identification, recognition, referral, provision of appropriate support and recording of sensitive information. One bank advised that its call monitoring QA process was updated to include additional questions that test whether appropriate referrals were made for customers experiencing vulnerability. Questions also test the appropriateness of the outcome according to the customer's needs.

Call monitoring assessments for specialist teams were more tailored to the obligations in Part 4 of the Code – this includes for staff that manage sensitive and complex cases involving customers who may need extra care and also for dedicated Aboriginal and Torres Strait Islander customer assistance teams. If compliance gaps are found, coaching and feedback are routinely provided. Several banks also confirmed that aggregated QA results and reporting are used to identify trends and areas where staff may require refresher training.



**Good practice:**  
deep-dive into  
QA results for  
opportunities  
to do better

### Implementation of quality assurance management review sessions

One bank conducts quality assurance reviews, including of call centres, to allow leaders and managers to review and reflect on staff results. The sessions are used to identify themes of non-compliance and opportunities to increase staff capability by developing meaningful change to process, systems and technology.

This is a good example of a bank that recognises the importance of considering interventions beyond individual staff feedback and coaching to improve compliance capability.

Some banks indicated that their QA assessments consider regulatory and legislative requirements with some overlap with Code requirements. One smaller-sized bank advised that it only conducts general quality assurance of customer interactions on a case-by-case basis and does not specifically review staff adherence to processes to support customers in vulnerable circumstances. This is concerning and should be rectified.



### Recommendation 28

Banks should conduct routine and targeted quality assurance reviews to ensure that front-line staff are supporting customers in accordance with Part 4 of the Code. Samples reviewed should include customer calls, emails and letters.



Banks that demonstrated better practice prioritised calls that are higher risk. For example, one major bank's call selection method relied on its data analytics team to produce a list of calls which contain specific criteria deemed by the business to be high risk. The risk team's QA analysts and front-line team leaders are provided with this list via a weekly report to complete the QA assessment.

Overall, the BCCC found that, in comparison to branch QA assessments, banks are more likely to detect non-compliance with Part 4 of the Code in call centre teams.



## Recommendation 29

Banks should conduct rigorous testing and monitoring of the use and outcomes experienced by customers engaging with the bank via online channels, including reviewing customer needs disclosed in internal systems and the appropriateness of the bank's response.



### Good practice: call analytics that target vulnerability

#### Using innovative technology to allow deeper call analytics of customer interactions

One bank is trialling the use of AI technology that, through call digitisation, allows deeper analytics and enhances existing quality assurance programs to improve the recognition of customers who are potentially experiencing vulnerability.

This is a good example of a bank using technology to detect and prioritise higher risk customer calls to conduct more targeted monitoring and interventions where required.

## Online channels

Online channels in this section refers to online communications via live chat and AI chatbots.

Banks that offer these services confirmed that they are monitoring them via quality assurance processes. However, limited details were provided. One major bank advised that it had developed a capability framework to ensure the most appropriate consultants are deployed to chat services and complete mandatory training.

Banks are increasingly offering customers more digital engagement options and it is imperative that robust monitoring of these channels develops at the same pace.

# Appendix A – Part 4 Code obligations

## Chapter 13 Being inclusive and accessible

### We believe in inclusive banking services

32. We are committed to providing banking services which are inclusive of all people including:

- a) older customers;
- b) people with a disability;
- c) Indigenous Australians, including in remote locations; and
- d) people with limited English.

33. We will train our staff to treat our diverse and vulnerable customers with sensitivity, respect and compassion.

### We are committed to providing banking services which are accessible

34. We are committed to improving the accessibility of our banking services for people with a disability, older customers and people with limited English. We will take reasonable measures to enhance their access to those services.

### When providing banking services to Indigenous customers

35. If you tell us you are an Indigenous customer, we will take reasonable steps to make our banking services accessible to you. We will also:

- a) tell you about any accounts and services that are relevant to you;
- b) tell you about any accounts or services that have no, or low standard fees, if our enquiries indicate you may be eligible for these and help you transfer to another account you want; and
- c) help you meet any identification requirements, by following AUSTRAC's guidance on identification and verification of persons of Aboriginal and Torres Strait Islander heritage.

### When providing banking services to remote customers

36. We will also assist our customers who reside in remote communities (including remote Indigenous communities) to access and undertake their banking services.

37. We will provide cultural awareness training to staff who regularly assist customers in remote Indigenous communities.

### Chapter 14 Taking extra care with customers who are experiencing vulnerability

#### We will take extra care with customers who are experiencing vulnerability

38. We are committed to taking extra care with customers who are experiencing vulnerability, including:

- a) age-related impairment;
- b) cognitive impairment;
- c) elder abuse;
- d) family or domestic violence;
- e) financial abuse;
- f) mental illness;
- g) serious illness; or
- h) any other personal, or financial, circumstance causing significant detriment.

We may become aware of your circumstances only if you tell us about them.

39. We will train our staff to act with sensitivity, respect and compassion if you appear to be in a vulnerable situation.

40. If you tell us about your personal or financial circumstance, we will work with you to identify a suitable way for you to access and undertake your banking.

41. When we are providing a banking service to customers who are experiencing vulnerability we will:

- a) be respectful of your need for confidentiality;

- b) try and make it easier for you to communicate with us;
- c) provide appropriate guidance and referrals to help you to maintain, or regain, control of your finances; and
- d) refer you to external support, if appropriate.

## Chapter 15 Banking services for people with a low income

When providing transaction banking services to low income earners

42. If you are an individual and you tell us that you are a low-income earner, we will give you:

- a) information about our accounts that may be appropriate to your needs; and
- b) information about our accounts:
  - i. for which standard fees and charges are low; or
  - ii. for which there are no fees and charges (if we offer such a product).

43. Our obligation in the previous paragraph applies to you regardless of whether or not you are our customer.

We may become aware if you are a low-income earner only if you tell us about it.

### If you receive a Commonwealth pension or concession, we will give you information about our low or no fee accounts

44. If you apply for a new transaction account, we will ask you if you have any of the following government cards. If you tell us that you have one of these cards then we will give you information about any banking services we offer that have low or no standard fees and charges (see Chapter 16):

- a) a Commonwealth Seniors Health Card;
- b) a Health Care Card; or
- c) a Pensioner Concession Card.

## Chapter 16 Basic accounts or low or no fee accounts

### Basic accounts

44A. We may offer 'basic accounts', or other kinds of low or no fee transaction accounts.

44B. Basic accounts have, at a minimum:

- a) no account keeping fees;
- b) free periodic statements (you can choose monthly or longer intervals);
- c) no minimum deposits (except that, if your government benefit is paid into a bank account of yours, you may be required to have it paid into this account);
- d) free direct debit facilities;
- e) access to your choice of a debit card (such as eftpos), or a scheme debit card offered by us (such as Visa Debit or Mastercard Debit) at no extra cost; and
- f) free and unlimited Australian domestic transactions\*.

\*Note that you may be charged for certain ancillary services. For example, bank cheques, telegraphic transfers, or transactions at ATMs owned and operated by third parties.

### We will raise awareness of basic, low or no fee accounts and give you information about them

45. We will raise awareness of our affordable banking products and services such as basic, low, or no fee accounts, including that you may be eligible if you have a government concession card.

46. We will give you information that is easily accessible about accounts that have low, or no, standard fees and charges.

### Special features for basic, low or no-fee accounts for eligible customers

47. If you are an eligible customer and you ask for a basic account, or a low or no fee account, we will offer you one of these accounts that has the special features listed in this paragraph

and, if we offer basic accounts, will also have the features listed in paragraph 44B. The special features are:

- a) No informal overdrafts (except where it is impossible or reasonably impractical for us to prevent your account from being overdrawn)
- b) No dishonour fees; and
- c) No overdrawn fees

You are not obliged to accept our offer of an account with the special features. You may request (or we may offer you) other accounts (including other basic, low fee or no fee accounts) which do not have some or all the special features, or may have additional features.

We may also offer accounts with some or all of the special features, (and/or the features in paragraph 44B), to individuals who are not eligible customers under this Chapter.

### **For the purposes of this Chapter**

**‘eligible customer’** means an individual that is not a business who holds a current a government concession card listed in paragraph 44.

**‘informal overdraft’** means credit we provide when (without your express agreement) we permit you to overdraw your account.

**‘no overdrawn fees’** means we will not charge a fee where your account falls into debit. However, you may be charged interest on the amount in debit.

**‘no dishonour fees’** means we will not charge a fee because a debit on a basic, low or no fee account is declined due to insufficient funds in the account.

### **Training for staff about customers eligible for basic, low, or no, fee accounts**

48. We will train our staff to help them to recognise a customer, or potential customer that may qualify for a basic, low, or no fee account.