

TO: Banking Code Compliance Committee via info@codecompliance.org.au

7 February 2022

Submission to Banking Code Compliance Committee Priorities 2022-23

The Eros Association is Australia's industry association for adults-only retail, wholesale, media and entertainment.

We welcome the opportunity to make a submission in response to the consultation paper on the Committee's Banking Code compliance priorities 2022-23.

Inclusivity, accessibility and vulnerability

We recommend that the Committee continue to prioritise follow up inquiries and publish reports on banks' actions to improve compliance with Part 4 of the Code on inclusivity, accessibility and vulnerability. In its recent inquiry report into Part 4 of the Code, Committee noted reports that sex workers and sex industry businesses are excluded from access to basic banking and financial services and the discriminatory effects of this exclusion. The Committee held that banks' risk policies should "be based on the individual customer's merits and not on their industry or occupation generally."¹

We also recommend that the Committee undertake an inquiry into the emerging issue of banks denying or withdrawing banking services, to assess whether decisions are based on an informed assessment of the circumstances of the customer. This was a recommendation of the recent Independent Review of the Banking Code of Practice,² and is in line with a recent statement from AUSTRAC that banks should adopt a case-by-case approach to managing risks.³ It would also coincide with the Council of Financial Regulators' investigation into debanking.⁴

In a recent survey of Eros members, three quarters of respondents reported experiencing financial discrimination because of their industry, and half reported

¹ Banking Code Compliance Committee, *BCCC Inquiry Report: Banks' Compliance with Part 4 of the Banking Code: Inclusivity, Accessibility, Vulnerability* (December 2021) 21.

² Mike Callaghan, *Independent Review of the Banking Code of Practice* (November 2021) 102.

³ AUSTRAC, 'AUSTRAC statement 2021: De-banking' (29 October 2021).

⁴ Sarah Simpkins, 'Financial watchdogs to investigate debanking', *Mortgage Business* (12 January 2022).

being discriminated against by their banking institution. Four in ten reported discrimination from one of the Big 4 banks, with some members reporting discrimination from multiple Big 4 banks. Of the respondents who experienced discrimination, more than half disputed the decision and only one of these was positively resolved. More than a third have been forced to change financial service providers due to discrimination. Three quarters of respondents did not believe there had been an improvement in treatment of the adult industry in the last five years.

Small business expertise

We recommend that the Committee continue to prioritise engaging with small business stakeholders, including regular meetings with the Committee’s Small Business and Agribusiness Advisory Panel, and also through adding other useful perspectives from amongst the diversity of the sector to the Panel and through adding a member with expertise in small business to the Committee. This was a recommendation of the recent Independent Review of the Banking Code Compliance Committee.⁵

Compliance reporting

We recommend that the Committee should focus on public reporting about banks’ compliance with the Code, as far as is permitted by the Code. This was again a recommendation of the recent Independent Review of the Banking Code Compliance Committee, which found that this “would enhance bank accountability.”⁶

Conclusion

The Eros Association welcomes the opportunity to assist in shaping the Committee’s Banking Code compliance priorities 2022-23

If there is any way we can assist further in this, please don’t hesitate to contact.

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⁵ Phil Khoury, *Independent Review of the Baking Code Compliance Committee* (November 2021) 14-15.

⁶ Phil Khoury, *Independent Review of the Baking Code Compliance Committee* (November 2021) 28.