



SUBMISSION

Banking Code Compliance priorities 2022-23 Consultation

11 February 2022

By email: info@codecompliance.org.au

Contact person for this submission: Peter McNamara
CEO
pmcnamara@secl.org.au
0437 758 899

Every person counts
info@secl.org.au
www.secl.org.au

5 Osborne Avenue
Springvale 3171
T 03 9546 5255

60 Douglas Street
Noble Park 3174
T 03 9547 0511

186 Foster Street East
Dandenong 3175
T 03 9791 8344

About South East Community Links

Our Mission: 'Every person counts, Every system fair'

Since 1970 SECL has operated in one of Melbourne's highest multicultural and fastest growing regions. Based in the South East of Melbourne SECL's reach is mainly in the City of Greater Dandenong, City of Casey, and Shire of Cardinia.

Our services include:

- Emergency Relief with a focus on working to address the underlying cause of the crisis.
- Generalist Case Work to work with people to set goals and engage in society.
- Homelessness & housing support for young people.
- Family violence support and early intervention programs.
- Financial Counselling with expertise in generalist, Family Violence Financial Counselling and Problem Gambling Financial Counselling.
- Resettlement services to support refugees and asylum seekers learn and grow in our society.

South East Community Links welcome the opportunity to provide input to the BCCC's compliance priorities for the 2022-23 financial year. The BCCC's administration and enforcement of the Banking Code of Practice (the Code) is fundamental in ensuring regulatory oversight in the banking sector.

We acknowledge that the BCCC's monitoring, and enforcement activities have assisted in improving consumer experiences in recent years and welcome the publication of the BCCC's Inquiry Report: Banks' compliance with Part 4 of the Banking Code: inclusivity, accessibility, and vulnerability in December 2021 (Vulnerability Report)¹.

Along with the insights in this document we encourage the BCCC to consider the key issues raised in the joint consumer group submission to the 2021 independent review of the Code (Code Review Submission) in selecting its compliance priorities.²

This document highlights 3 key matters that SECL consider to be particularly important for BCCC to focus on in the coming year. Our comments are drawn from the casework experience of SECL's financial counsellors who regularly see consumer harm caused by non-compliance with the Code by Australian Banking Association member banks.

Implementation of BCCC recommendations on Part 4 of the Code:

1. Authority to act:

1.1 Our financial counsellors commonly experience ABA member banks refusing to accept a *Financial Counselling Australia (FCA) Financial Counsellor Authority to Act*.

"yesterday I had an issue with a bank's Business Financial Assistance not accepting the standard FCA authority. They are asking me to fill out an Appointment of Third Party Authorised Officer form.

This is despite me being given information around June/July last year by email and the staff member could also see notes in the system about interactions with me but would not budge and stated that the other staff member had done the wrong thing. The staff member that I spoke with yesterday also stated that he had referred to his manager and still would not accept the FCA authority." (Feb 2022)

1.2 Banks continue to place additional barriers for lodgement of authorities in the current challenging times of COVID-19, by refusing to accept verbal authority or electronic signatures.

¹ <https://bankingcode.org.au/app/uploads/2021/12/Banks-compliance-with-Part-4-of-the-Banking-Code-inclusivity-accessibility-and-vulnerability-1.pdf>

² <https://consumeraction.org.au/review-of-the-2021-australian-banking-association-code-of-practice/>

1.3 In their role, financial counsellors often work with people who have a wide variety of financial structures to resolve their financial difficulty. Authority to Act is often not shared between departments when transferring clients. Examples include between hardship teams and internal dispute resolution and between consumer hardship teams and business hardship teams.

2. Use of interpreters:

As the largest financial counselling service in the South East of Melbourne we work with the most diverse communities in Victoria. SECL welcomes BCCC's recommendation (6) for customers who speak limited English in part 4 of the Inquiry report.

Whilst some of the banks have implemented the use of interpreters, it is our view that there are inconsistencies in application of this recommendation.

As inclusivity and accessibility for people experiencing vulnerability remains an ongoing issue, we recommend:

- that the BCCC place particular focus on how the banks respond to and implement the recommendations of the Vulnerability Report, to ensure they are treated as a priority
- information regarding accessibility, Interpreter logo and the National relay service should be available on the front page of ABA member bank's website and App platforms
- banks to consider an "Own motion investigation" into compliance of meeting the code requirements and to report to the BCCC on their response to, and the implementation of, the recommendations made in the BCCC review of Part 4 of the Code.

In addition to the above, SECL are of the view that training frontline staff will not deal with the underlying systemic issues. BCCC's *recommendation 14* guidance to member banks should outline that whole of Bank business including policy teams, product designers and executive management undertake training for accessibility, inclusion and vulnerability. This will ensure a shared understanding of their customers' lived experience, provide insights into the vulnerabilities and disadvantage of their customers, and highlight the importance of safe banking.

3. The impact of increased levels of digital disadvantage in vulnerable cohorts:

SECL welcomes the inclusion of BCCC's Recommendation 2: "Banks should test the effectiveness of accessibility options to meet customer needs in practice. This should be a process of continuous improvement."

During the COVID pandemic, the reliance on digital delivery of services grew exponentially across all sectors and banks increased their level of automation by directing customers experiencing hardship to complete their applications for financial hardship assistance online.

It is acknowledged that this strategy was essential for banks to manage the high volume of applications received during the peak of the pandemic.

However, as banks embark on the process of continuous improvement around accessibility options, it is imperative that they do not lose sight of the growing levels of digital disadvantage in the broader community. It is essential that an over-reliance on digital channels does not become the norm for vulnerable clients seeking financial hardship assistance.

Research by the Centre for Social Impact³ states that more than 2.5 million Australians are not online and many of those who are, lack the skills to benefit fully from this type of connectivity.

SECL encourages banks to explore creative solutions to play their part in not adversely increasing the digital divide.

4. Other relevant observation:

While this is out of scope of this consultation, SECL would like to comment on the service experience of financial counsellors with the BCCC. It is our view that there is a disconnect between the financial counsellors and the BCCC.

In discussions with our financial counsellors SECL there is a reliance on using internal and external dispute resolution schemes along with consultation with the Consumer Action Law Centre (CALC) to report or raise concerns regarding a code breach from ABA member bank. This dilutes the importance of the code to financial counsellors, as they do not receive feedback on any reported code breaches.

We also have concerns from a Banking customer perspective as very few people who present to our financial counselling service have heard of the Banking Code, and not understand the role of the BCCC.

We encourage BCCC to consider how to connect better with financial counsellors, acknowledge code breaches that are reported and provide feedback. We further recommend a plain language, easy to understand information sheet on the Banking Code and the role of the BCCC be made available to enable customers with limited English to engage with the Code.

³ https://www.csi.edu.au/media/uploads/csi-covid_factsheet_digitalinclusion.pdf

Conclusion:

Financial Counsellors play an essential role in providing insights into the lived experience of the vulnerable and marginalised sectors of the community.

SECL hope this document provides valuable insights into the priorities for the BCCC this coming year. We encourage BCCC to increase engagement with on ground financial counsellors in addition to drawing on valuable research being conducted by various academic institutions can only enhance the outcomes that the BCCC seek to achieve.

Thank you for considering our feedback.