



ASIC
Australian Securities &
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To: Bank boards and executives

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ASIC's 2026–27 banking sector priorities

This letter outlines ASIC's key banking sector priorities for 2026–27 and covers both new activities and continuing areas of focus. It is intended to help banks plan, allocate resources and focus attention on the issues ASIC expects boards and executives to consider and act on in the year ahead. The letter is our response to industry requests for greater transparency of ASIC's regulatory priorities and planned activities.

ASIC's strategic priorities

ASIC's [2026–27 Corporate Plan](#) sets out five strategic priorities designed to support better financial outcomes for all Australians, while driving productivity, enhancing responsible innovation and building a more resilient financial system. Of most relevance to the banking sector is ASIC's priority of improving outcomes for consumers and small businesses.

Banking landscape

Australia's banking sector plays a vital role in Australia's economy and the daily lives of consumers and businesses. The sector operates in an environment characterised by strong competition, rapid technological change and increasing geopolitical uncertainty.

ASIC is observing significant transformation across the sector, including mergers, technology upgrades, digitisation and evolving service delivery models. While these initiatives can create welcome opportunities for new products, improved services and increased efficiency, they can also create new risks that require appropriate governance and oversight and careful management of the impact on customers.

As the banking conduct regulator, ASIC will continue to focus on the consumer impact of banks' activities. While we encourage and support innovation, it is important that changes are implemented safely and not at the expense of getting the basics right for customers.

The banking sector is diverse, and practices to ensure compliance with regulatory obligations will vary according to the size and nature of a bank's business. However, all banks, regardless of size, should prioritise the interests of their customers.

Focus areas for 2026–27: New activities

Strategic priority: Improve consumer and small business outcomes

Use of AI by banks (Expected commencement: Q2 2026–27)

ASIC will continue its oversight of AI adoption in financial services by commencing a banking sector AI review. The review will be focused on new and proposed use cases of AI by banks and the impact on customers. We will collaborate with APRA to minimise duplication from any work they are undertaking relating to risks presented by the use of AI.

ASIC's Report 798 *Beware the gap: Governance arrangements in the face of AI innovation* ([REP 798](#)) published in October 2024 found AI adoption across the financial services sector was growing while governance and risk assessment lagged, including in assessing consumer risks. Since then, ASIC has continued to engage with banks on their AI use through supervisory engagements.

ASIC recognises the opportunities presented by AI and automation and is keen to ensure that key consumer protections are maintained throughout its deployment, particularly for customer-facing interactions, decision-making and lending processes.

Lending practices and broker oversight (Expected commencement: Q3 2026–27)

We will commence a review into various aspects of lender conduct. This is likely to focus on the impact of the short-term variable remuneration changes for proprietary lenders introduced by banks in 2024, the use of referrers by lenders, and lender oversight of brokers. This review follows ASIC's work with the Australian Prudential Regulation Authority (APRA) and AUSTRAC in relation to reported instances of mortgage loan fraud.

Lending to small businesses (Expected commencement: Q2 2026–27)

We will examine lending practices by non-bank lenders that can lead to poor outcomes for small businesses, including the use of unfair contract terms. We will gain insights into lending by banks to the sector through the review being conducted by APRA to reduce duplication for industry.

ASIC's other strategic priorities and relevant projects

Given the central role that banks play in the economy, they may also be included in broader ASIC reviews, such as those focused on improving the quality of sustainability reports, reviews of corporate governance practices and ASIC's financial reporting surveillance.

Banks offering buy now pay later products may also be included in ASIC's review of compliance by buy now pay later providers with credit laws anticipated to commence in early 2027.

Continuing areas of focus

Protecting consumers: Getting the basics right

Offset accounts

ASIC recently reviewed the offset practices of eight banks, representing more than 70% of Australia's \$2.5 trillion home loan market in Report 837 *Offsets, out of mind: Banks fall short on mortgage offset account promises* ([REP 837](#)). The review highlighted concerns with how some banks identified offset requests, detected failures, compensated affected customers and provided customers with visibility over offset arrangements.

Banks should consider the findings of REP 837 and assess whether their governance, controls, monitoring and remediation arrangements are sufficient to ensure customers receive the offset account benefits they have been promised. As we have publicly stated, we will continue to monitor this issue going forward and take action where appropriate.

Keeping promises to customers and preventing systemic failures

Banks need to be able to deliver on the commitments they make to customers and comply with their existing regulatory obligations, including having in place adequate systems and controls to do so.

This continues to be a focus of ASIC's supervision of banks and aligns with our enduring enforcement priorities of addressing systemic compliance failures by large financial institutions that result in widespread consumer harm, misconduct involving a high risk of significant consumer harm, governance failures, and new and emerging conduct risks.

Protecting consumers in financial difficulty

Debt collection

Debt collection can compound stress and hardship for consumers, and collectors' practices can lead to poor consumer outcomes. ASIC will complete its review into debt buyers' and contingent collectors' conduct and lenders' oversight and publish its findings in the third quarter of 2026–27.

All banks should review their own practices against our findings. Given these activities impact consumers in financial distress, lenders should ensure they have effective governance, monitoring and oversight arrangements to support fair treatment of customers experiencing financial difficulty.

Financial hardship

Economic conditions continue to be challenging for many consumers, and banks should ensure financial hardship support is accessible, timely and customer focused.

Despite improvements following publication of Report 782 *Hardship, hard to get help: Findings and actions to support customers in financial hardship* ([REP 782](#)) in 2023, consumer groups raised concerns during our follow-up Report 815 *Hardship, not as hard*

to get help ([REP 815](#)) about slower improvement by some lenders and the quality of some hardship responses.

ASIC encourages all banks to review their hardship arrangements in light of the findings in REP 782 and REP 815 and consider whether any improvements are required. Supporting customers experiencing financial hardship remains an important area of focus for ASIC and is closely aligned with ASIC's enforcement priorities, including our enduring focus on misconduct involving a high risk of significant consumer harm, particularly conduct affecting financially vulnerable consumers.

Protecting consumers: Scam prevention and disruption

Implementation of the Scams Prevention Framework

ASIC will continue to support whole-of-government initiatives that protect consumers from scams by working closely with Treasury, the Australian Competition and Consumer Commission (ACCC) and Australian Communications and Media Authority (ACMA) to implement the Scams Prevention Framework (SPF), which is scheduled to commence in March 2027. Through our existing supervisory activities, we will engage with banks and industry groups on progress and emerging challenges on implementing the SPF.

Engagement with peer regulators and supporting productivity

ASIC will continue to work closely with APRA and other Council of Financial Regulators (CFR) members on banking sector issues, including operational resilience and emerging cyber risks. This engagement will help ASIC understand the potential conduct implications of how banks are responding to these risks. ASIC will also continue contributing to relevant CFR working groups on geopolitical risks.

ASIC will continue to work with APRA and other regulators to streamline and harmonise data collection and sharing across regulators: see [CFR's Better regulation roadmap](#). We encourage the banking sector to continue raising practical examples of duplication, unnecessary burden or opportunities to simplify regulatory interactions with ASIC.

Looking ahead

Boards and executives should use this letter to inform their strategic planning, compliance and governance discussions.

Sincerely

Kate O'Rourke

Commissioner

Australian Securities and Investments Commission