



16 May 2025

[REDACTED]
Senior Supervisor, Strategic Surveillance & Data
RS and IDR Data Publication Project Team
Australian Securities and Investments Commission
GPO Box 9827
MELBOURNE VIC 3001

Email: data.publication@asic.gov.au

[REDACTED]
**AFIA SUBMISSION - REPORTABLE SITUATIONS AND INTERNAL DISPUTE RESOLUTION
DATA PUBLICATION**

The Australian Finance Industry Association (“AFIA”) is the only peak body representing the entire finance industry in Australia. We welcome the opportunity to respond to ASIC Consultation Paper relating to “Reportable situations and internal dispute resolution data publication”.¹

AFIA represents over 150 members, including banks, finance companies, fintechs, providers of vehicle and equipment finance, car rental and fleet providers, and service providers in the finance industry. We are the voice for advancing a world-class finance industry and our members are at the forefront of innovation in consumer and business finance in Australia. Our members finance Australia’s future. We collaborate with our members, governments, regulators and customer representatives to promote competition and innovation, deliver better customer outcomes and create a resilient, inclusive and sustainable future. We provide new policy, data and insights to support our advocacy in building a more prosperous Australia.

AFIA strongly supports our Reportable Situations (RS) and Internal Dispute Resolution (IDR) regimes as important parts of our financial services regulatory framework. While we appreciate ASIC’s objectives for greater transparency, AFIA does not support publishing raw data with financial firms named as proposed under ASIC Consultation Paper 383 for the reasons set out below.

¹ [Australian Finance Industry Association \(afia.asn.au\)](https://afia.asn.au).

INTRODUCTORY COMMENTS

The reportable situations (“RS”) regime plays a critical role that enable ASIC to detect significant non-compliant behaviours early and take regulatory action where appropriate. As mentioned in the consultation paper’s overview, licensees are expected to have robust governance and accountability structures to support the timely identification and remediation of their self-identified breaches. The internal dispute resolution (“IDR”) regime also plays a vital role in providing complaints handling, remedies and protections for consumers. ASIC has committed to publish financial firm-level IDR data in 2025 and develop a framework for the ongoing publication of RS data.

AFIA appreciates ASIC’s key objectives for the publication of financial firm level RS and IDR data to provide an additional layer of transparency to drive better compliance and consumer outcomes. However, we strongly believe greater transparency in relation to complaints handling and the identification and management of breaches *should only be introduced* where transparency can improve conduct and build trust and confidence in the financial system. Unfortunately, the publication of the dashboard with the financial firm level data as proposed is unlikely to achieve ASIC’s key objectives, and in our view, could risk undermining trust and confidence in the financial system.

A well designed and targeted transparency dashboard that presents data results that usefully highlights industry level trends could lead to better compliance and consumer outcomes and better financial firm performance. If financial firm level data is to be disclosed, there should be a more sophisticated understanding of the data, comparability metrics, and other data integrity factors. However, we do not believe these conditions have been met.

In fact, without greater data analytics, coupled with deeper assessment of different financial firms, business models, products and services, customers, transaction volumes, distribution channels, target markets and compliance postures, publication of data could be misleading, even with contextual statements. Therefore, rather than promote better compliance outcomes, it could result in risk aversion, misalignment of regulatory intent and compliance responses, and perverse behaviours designed to minimise reporting results by financial firms. Unfortunately, this would distract efforts from implementing improvements to address the actual issues leading to complaints and/or reportable situations.

SIGNIFICANT CONCERNS ARISING FROM THE PUBLICATION OF FIRM LEVEL RS AND IDR DATA

ASIC’s commitment for improving consumer outcomes is unlikely to be met

ASIC has indicated its commitment to improving consumer outcomes. ASIC has sought to provide guidance to consumers and users by proposing “contextual statements” to address some of the complexities of data relating to breaches and complaints handling.

While AFIA appreciates these contextual statements, they highlight the near impossible task of providing genuine guidance and clarity to consumers. We have considered the contextual statements proposal B3 and provide our more general feedback as follows:

- ASIC proposes a statement that a large number of RS or IDR complaints does not necessarily suggest a higher incidence of non-compliance or consumer dissatisfaction. While the statement is true, it highlights the difficulty of providing consumers with any genuine clarity as to the quality of the firm's compliance or complaints handling systems. It would be difficult for any contextual statement to provide clear criteria for the assessment of the impact of, say, a large number of RS and IDR complaints versus a low number.
- ASIC proposes a statement that no submission for a financial firm does not necessarily indicate that there are no reportable situations or complaints. This is also a true statement intended to convey that nil submissions could also mean poor detection. From a consumer's perspective, however, the statement does not provide good insights or criteria for any judgement about how a nil submission could reflect on a financial firm or could impact on customers. For instance, a nil submission could also mean that a financial firm has a small number of customers and low volume, and there are no complaints or reportable situations for these reasons, which are due to factors associated with their business model, customers, current transaction volumes, etc. The different conclusions that can be drawn is more likely to confuse.
- ASIC proposes a statement that some breaches or likely breaches are still under investigation and that information about them could change from year to year. It is unclear how a statement that information could change would be helpful to those customers impacted by a breach, or new and existing customers that are not impacted by the same breach.

The inconclusive nature of ASIC's contextual statements, while undoubtedly true or true in some instances, highlights how difficult it is to provide customers and the public with clear and helpful data, information and guidance that would not lead to more confusion. Clear and useful guidance and contextual statements ought to be provided that assist consumer and industry outcomes and not lead to greater confusion and/or complexity. Unfortunately, we do not believe that clear and concise statements and guidance is achievable given the various impacting factors across different financial firms.

The lack of clear and useful guidance on interpretation of data exposes the ASIC dashboard to misinterpretation and misuse – difficulty with like for like comparison

AFIA is concerned that the complexities of the ASIC data will increase the risk of misuse and be inappropriately interpreted and sensationalised. For example, a high reporting financial firm with a strong compliance culture could be penalised reputationally while low reporting financial firms escape scrutiny.

A financial firm reporting a higher number of complaints and/or reportable situations may have experienced a significant increase in transaction volumes, while conversely a financial firm reporting a lower number may simply have experienced lower transaction volumes. The obvious interpretations of

these results without a deeper understanding of the details, conditions, changes within the market and individually for the financial firm, would lead to simplistic assumptions and interpretations.

Contextual statements and guidance do not adequately shed light on a financial firm's compliance culture and systems, in reality, it could be totally unrelated. They do not adequately explain the severity and complexities of the RS or IDR. For these reasons, we believe instances of high reporting or low reporting can be more readily misinterpreted and easily misunderstood, undermining the intent of reporting and transparency of reporting.

While AFIA members are strong supporters of the RS and IDR regimes, we are concerned that the potential for data misuse could unfairly damage reputations even to firms with strong compliance culture, and over time, lead to the erosion of trust and confidence in the financial system.

ASIC's key objectives may not be achieved

ASIC sets out three key objectives of the publication of RS and IDR data. AFIA is concerned that ASIC is unlikely to achieve the key objectives as set out for the following reasons.

- **Accountability and transparency could be undermined**
Given the increased risk of misleading impressions, the risk to reputational damage could incentivise behaviour that entrenches a defensive and reactive compliance culture at odds with good compliance outcomes.
- **Financial firms and consumers are not given useful guidance where the number of significant breaches could reside or any criteria or benchmarks to assess performance**
ASIC's proposals could mean that our financial system could see a proliferation of RS and IDR data. The inadequate guidance and contextual statements act as a barrier to interpreting of the data and would not be helpful to consumers and financial firms that must make sense of the information to make good decisions for better outcomes
- **Financial firms and industries are not given clear targets to improve compliance outcomes**
ASIC has not provided clear indication what consumer or compliance outcomes may be deficient for each industry or financial firm sizes, customer demographics or other influencing factors. Given the likely proliferation of RS and IDR data affecting many thousands of affected financial firms, it is critical that improvements may be targeted, quantifiable, benchmarked and measured to raise expectations for improvements

The prevalence of poor data quality

ASIC has stated that it will not take steps to confirm or verify the accuracy of the data submitted by financial firms. AFIA believes that the quality of data must underpin the effectiveness of any reporting and publicly available dashboard. Quality of data is critical for any benchmarking or comparisons exercises

The financial services industry has a myriad of different financial firms, with different compliance systems, policies, and postures, suitable for their business model, even between financial firms that may appear superficially similar. A base level data quality is especially relevant for an industry wide publication

of financial firm level data. We believe ASIC should ensure at least a base level of quality of the data it is exposing before any reporting and publicly available dashboard.

CLOSING COMMENTS

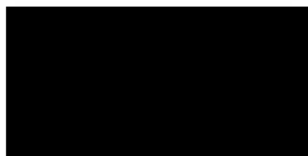
AFIA does not support any reporting or publicly available dashboard until the data quality, presentation, and industry-wide as well as financial firm level understanding via data analytics and assessment is embedded so that transparency leads to improved conduct and trust and confidence in the financial system. We would welcome further consultation to establish a prototype of a dashboard to be reviewed and tested by industry and consumers prior to any public exposure.

Ultimately, AFIA believes that for the reporting and dashboards to be of real value, consumers and other users, including financial firms, need to not just understand, but assess what they are viewing. This means data provided should be of sufficient sophistication and quality, to give the relevant context and guidance and be targeted and carefully presented, to drive better compliance outcomes and improve trust and confidence in the financial system. AFIA urges a more targeted approach to making information about RS and IDR data public. We have some additional comments in response to the feedback questions in Attachment A below.

AFIA would welcome the opportunity to discuss our submission and to provide ASIC with any relevant information about the specialised products, services and technologies offered by smaller lenders.

Should you wish to discuss our submission or require additional information, please contact [REDACTED]
Executive Director, Policy & Public Affairs at [REDACTED]

Yours sincerely



Chief Executive Officer

ATTACHMENT A: RESPONSE TO ASIC FEEDBACK QUESTIONS

B1Q1: Do you have any comments about the proposed format of the data publication, or any suggestions for the interactive dashboards?	<p>AFIA is concerned that interactive dashboards displaying RS and IDR data could be taken out of context and lead to misinterpretation and speculation. We consider for the dashboards to be of real value, consumers and other users, including financial firms, need to not just understand, but assess what they are viewing.</p> <p>This means data provided should be of sufficient sophistication and quality, to give the relevant context and guidance and be targeted to drive better compliance outcomes and improve trust and confidence in the financial system.</p> <p>AFIA does not currently support the publication of financial firm level data as proposed. An aggregated approach at the industry level could, instead, be prioritised where this approach to disclosure focused on providing useful trends, themes and/or compliance process insights.</p>
B2Q1: Do you have any comments on this proposal? (This refers to Proposal B2: allowing users to download RS and IDR data from the dashboards, limited to the same level of detail as the dashboards themselves.)	<p>Subject to our comments above regarding better data quality and other improvements in data analytics and assessment, AFIA supports downloadable data for research and internal benchmarking purposes only. We recommend that the downloaded version of the data automatically include the guidance and explanatory notes to help users maintain proper context. Guidance and explanatory notes should aim to assist financial firms in understanding ASIC's priorities and approach as well as compliance process insights.</p>
B3Q1: Do you have any comments about ASIC using explanatory notes and contextual statements to assist in the interpretation of the data elements?	<p>ASIC has sought to provide guidance to consumers and users by proposing "contextual statements" to address some of the complexities relating to RS and IDR data. While AFIA appreciates these contextual statements, they highlight the near impossible task of providing genuine guidance and clarity to consumers. We do not believe the data should be disclosed publicly, until data quality, presentation, and data analytics and assessment concerns are addressed. Furthermore, guidance and explanatory notes must be meaningful, not misleading or open to misinterpretation and speculation.</p> <p>Please refer to our comments in the cover letter under the heading "ASIC's commitment for improving consumer outcomes are unlikely to be met".</p>
B3Q2: Are there any other types of explanatory statements we should also	<p>Subject to our response to B3Q2 above that highlight we do not support any reporting and publicly available dashboard, we suggest additional statements are required clarifying that:</p>

<p>publish, or particular issues that they should cover? If so, what are they?</p>	<ul style="list-style-type: none"> • Some financial firms may submit grouped reports for multiple related entities. Explanation should be provided that this does not mean a greater volume of RS reports or IDR complaints. • Financial firms should be given the opportunity to update the data as investigations evolve and likely issues, complaints or breaches, are resolved. 										
<p>B4Q1: Do you have any suggestions on potential features that ASIC should consider in future? Please provide details, including the benefits that suggested features would provide.</p>	<p>To give effect to ASIC's key objectives, AFIA considers the following conditions ought to be met:</p> <ul style="list-style-type: none"> • Appropriate guidance and context provided to consumers and users that will assist them making good decisions about financial products and services that will build on trust and confidence. • The dashboard should be based on data that is of good quality to avoid misinterpretation and misleading outcomes. • The dashboard should be targeted to address compliance deficiencies and drive good compliance outcomes <p>Refer to the cover letter above.</p>										
<p>D1Q1 Do you have any comments on the proposed data elements in Table 1 to Table 7?</p>	<p>AFIA agrees with the proposal in paragraph 51 to not publish granular information, for example, about each RS report received.</p> <p>Subject to our comments above overall about our concerns with any reporting and publicly available dashboard at this time, a financial firm should be permitted to make updates to an RS report after it has initially been submitted (paragraphs 46 - 48 of the CP in relation to progress of investigations, remediation and rectification). We suggest ASIC confirm how promptly (or an intended timeframe for) an update by a financial firm to its RS report will be reflected in the dashboard.</p> <table border="1" data-bbox="515 1541 1445 2067"> <thead> <tr> <th data-bbox="515 1541 683 1615">Data element</th><th data-bbox="683 1541 1445 1615">Feedback</th></tr> </thead> <tbody> <tr> <td data-bbox="515 1615 683 1704">Table 1</td><td data-bbox="683 1615 1445 1704">Suggest remove the identity of the licensees until AFIA's concerns as set out in this letter may be addressed.</td></tr> <tr> <td data-bbox="515 1704 683 1794">RS-DE 2.4</td><td data-bbox="683 1704 1445 1794">Suggest that ASIC provide guidance that a report of root cause does not indicate that the RS is systemic.</td></tr> <tr> <td data-bbox="515 1794 683 1973">RS-DE 3.3:</td><td data-bbox="683 1794 1445 1973">Suggest this data element be excluded, as data on the number of instances is unlikely to be useful (and may be prone to misinterpretation) given the dashboard will not show the details of the instance.</td></tr> <tr> <td data-bbox="515 1973 683 2067">RS-DE 3.5:</td><td data-bbox="683 1973 1445 2067">ASIC references Table 3 of Regulatory Guide 78 for this data element which gave the example of a significant breach</td></tr> </tbody> </table>	Data element	Feedback	Table 1	Suggest remove the identity of the licensees until AFIA's concerns as set out in this letter may be addressed.	RS-DE 2.4	Suggest that ASIC provide guidance that a report of root cause does not indicate that the RS is systemic.	RS-DE 3.3:	Suggest this data element be excluded, as data on the number of instances is unlikely to be useful (and may be prone to misinterpretation) given the dashboard will not show the details of the instance.	RS-DE 3.5:	ASIC references Table 3 of Regulatory Guide 78 for this data element which gave the example of a significant breach
Data element	Feedback										
Table 1	Suggest remove the identity of the licensees until AFIA's concerns as set out in this letter may be addressed.										
RS-DE 2.4	Suggest that ASIC provide guidance that a report of root cause does not indicate that the RS is systemic.										
RS-DE 3.3:	Suggest this data element be excluded, as data on the number of instances is unlikely to be useful (and may be prone to misinterpretation) given the dashboard will not show the details of the instance.										
RS-DE 3.5:	ASIC references Table 3 of Regulatory Guide 78 for this data element which gave the example of a significant breach										

impacting a licensee's ability to supply financial services which includes a breach of the financial requirements of the licence conditions.

Given the potential consumer impact of such a breach, AFIA considers that the severity of the breach be made clear

RS-DE 4.1 -	Suggest these data elements be excluded. Time periods
RS-DE 4.4:	relating to discovering, identifying and investigating potential breaches will depend on the often complex circumstances and could give rise to misinterpretation. It will be difficult for the dashboard to show the details of the breach identification and investigation process that may give the necessary context to the time periods taken.
RS-DE 5.1:	Suggest this data element be excluded. The time period to complete compensation is unlikely to be useful (and may be prone to misinterpretation) given the dashboard does not show the details of the compensation process that may give the necessary context to the time periods taken.
RS-DE 5.3	<p>The data element relating to amount of compensation paid to date could benefit from additional explanations as follows:</p> <ul style="list-style-type: none">• The amount of compensation paid will depend on the circumstances of the individual breach and loss suffered.• it may be difficult to compensate some impacted consumers, especially ones that are no longer a customer, due to the lack of current contact details. ASIC's dashboard could be an opportunity to direct these consumers to the relevant financial firm.
RS-DE 6.1:	Suggest this data element be excluded, as the time period to complete rectification is unlikely to be useful (and may be prone to misinterpretation) given the dashboard won't show the details of the rectification process that may give the necessary context to the time periods taken.
RS-DE 7.1 -	Suggest these data elements be excluded or replaced with
RS-DE 7.2:	just the total number of reports submitted (excluding updates). Including the number of times a report has been updated is unlikely to be useful (and may be prone to misinterpretation) given the dashboard does not show the details of what was changed in each update, that may give the necessary context to the number of updates.

E1Q2 Are there any reasons why these data elements should not be published?	<p>IDR-DE 2.1 - 2.4:</p> <table border="1"> <tr> <td data-bbox="520 360 671 405">Table 8</td><td data-bbox="671 360 1442 495">Subject to our comments above, suggest the information in table 8 be excluded. Specifically financial firm name and licence number.</td></tr> <tr> <td data-bbox="520 495 671 539">Table 9</td><td data-bbox="671 495 1442 719">Suggest the data in table 9 be excluded as the complainant demographic data is unlikely to be useful (and may be prone to misinterpretation or assumptions) given the user of the data may not be aware of the financial firm's target market that may give the necessary context to the complainant demographics.</td></tr> <tr> <td data-bbox="520 719 671 763">Table 10</td><td data-bbox="671 719 1442 1406"> <p>Suggest that the data elements in table 10 be excluded. Specifically, we are concerned about the disclosure the monetary remedy.</p> <p>Financial firms may provide customers with monetary compensation for commercial reasons, which are not strictly required in order to remediate or to address a customer complaint from a regulatory perspective.</p> <p>For example, financial firms may provide customers with monetary payments as an act of goodwill to reflect the fact that they have not had an experience that is representative of the firm.</p> <p>However, the publication of this data may create an impression that a RS scenario or IDR situation of a certain nature require certain quantum of monetary remedy, where there is likely other factors and/or unique circumstances. This expectation may mean that financial firms re-think providing customers with monetary remedies in circumstances where this is strictly not required.</p> </td></tr> </table>	Table 8	Subject to our comments above, suggest the information in table 8 be excluded. Specifically financial firm name and licence number.	Table 9	Suggest the data in table 9 be excluded as the complainant demographic data is unlikely to be useful (and may be prone to misinterpretation or assumptions) given the user of the data may not be aware of the financial firm's target market that may give the necessary context to the complainant demographics.	Table 10	<p>Suggest that the data elements in table 10 be excluded. Specifically, we are concerned about the disclosure the monetary remedy.</p> <p>Financial firms may provide customers with monetary compensation for commercial reasons, which are not strictly required in order to remediate or to address a customer complaint from a regulatory perspective.</p> <p>For example, financial firms may provide customers with monetary payments as an act of goodwill to reflect the fact that they have not had an experience that is representative of the firm.</p> <p>However, the publication of this data may create an impression that a RS scenario or IDR situation of a certain nature require certain quantum of monetary remedy, where there is likely other factors and/or unique circumstances. This expectation may mean that financial firms re-think providing customers with monetary remedies in circumstances where this is strictly not required.</p>
Table 8	Subject to our comments above, suggest the information in table 8 be excluded. Specifically financial firm name and licence number.						
Table 9	Suggest the data in table 9 be excluded as the complainant demographic data is unlikely to be useful (and may be prone to misinterpretation or assumptions) given the user of the data may not be aware of the financial firm's target market that may give the necessary context to the complainant demographics.						
Table 10	<p>Suggest that the data elements in table 10 be excluded. Specifically, we are concerned about the disclosure the monetary remedy.</p> <p>Financial firms may provide customers with monetary compensation for commercial reasons, which are not strictly required in order to remediate or to address a customer complaint from a regulatory perspective.</p> <p>For example, financial firms may provide customers with monetary payments as an act of goodwill to reflect the fact that they have not had an experience that is representative of the firm.</p> <p>However, the publication of this data may create an impression that a RS scenario or IDR situation of a certain nature require certain quantum of monetary remedy, where there is likely other factors and/or unique circumstances. This expectation may mean that financial firms re-think providing customers with monetary remedies in circumstances where this is strictly not required.</p>						
E1Q3 Are there any specific contextual statements that may help users to interpret the data elements?	<p>Please refer to our comments above in relation to contextual statements.</p>						