



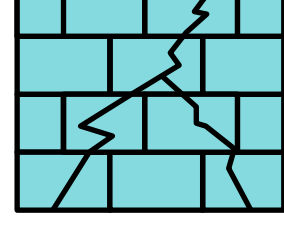
ASIC
Australian Securities & Investments Commission

Australian financial services (AFS) licensees are obliged to report significant breaches to ASIC within 10 business days of them investigating and determining that a significant breach has occurred. ASIC has reviewed the breach reporting process of 12 groups, including the four major banks and found failings.

Breach reporting by financial institutions: unacceptable delays

It takes far too long for AFS licensees to identify and report significant breaches and to remediate customers.

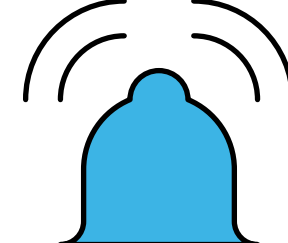
KEY STAGES OF BREACH REPORTING



AN INCIDENT BEGINS

average 1,517 days

pass (over 4 years) until



THE INCIDENT IS IDENTIFIED



INVESTIGATION OF THE INCIDENT BEGINS

average 28 days until

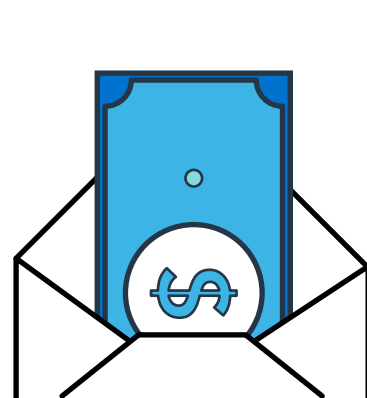
1,545 days



BREACH REPORT LODGED WITH ASIC

1,673 days

average 128 days until



REMEDIATION PAYMENTS TO AFFECTED CUSTOMERS START

another 226 days

on average until

1,899 days (over 5 years)

THE PROCESS TO INVESTIGATE A BREACH AND REPORT TO ASIC TAKES TOO LONG

THE BIG 4 AVERAGE

150 days

TO INVESTIGATE AND REPORT A BREACH

The major banks average was double that of the other groups, which took an average of 73 days.

CBA
104 days

NAB
139 days

Westpac
165 days

ANZ
213 days

CONSUMERS ARE LEFT OUT OF POCKET FAR TOO LONG

6 years by major banks

Average time between start of breach and first payment to affected customers for major banks (2,179 days)

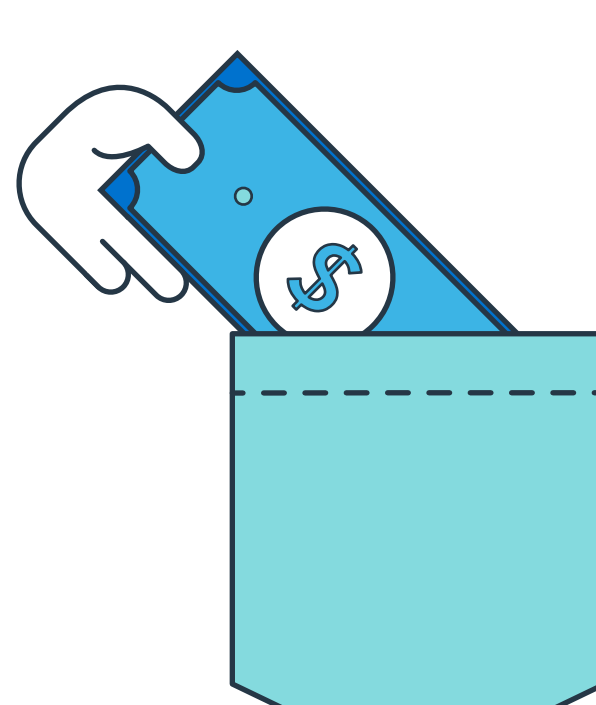
5 1/2 years by other financial services groups

Average time between start of breach and first payment to affected customers for other banking groups (1,977 days)

REVIEWED SAMPLE SHOWED

\$500m

OF FINANCIAL LOSS TO CONSUMERS



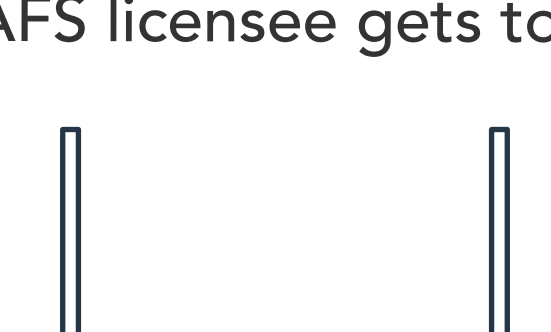
Superannuation accounted for the largest number of significant breaches reported: 284

40%

There's a need for law reform

PART OF THE PROBLEM IS THAT THE DEFINITION OF SIGNIFICANT BREACH IS SUBJECTIVE

The AFS licensee gets to decide where to set the bar...



NAB

\$206,538 total median loss
121 significant breaches



Westpac

\$1,407,011 total median loss
19 significant breaches

... and there's a big difference between their interpretations of a significant breach.

ASIC will act to improve breach reporting

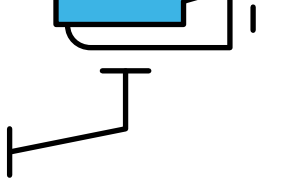
ASIC WILL:



CONDUCT ONSITE SUPERVISION OF COMPLIANCE AND REPORTING THROUGH THE CLOSE AND CONTINUOUS MONITORING PROGRAM



PURSUE REMEDIATION FOR AFFECTED CONSUMERS AND TAKE ENFORCEMENT ACTION



SUPPORT MOVE TO AN OBJECTIVE DEFINITION OF A SIGNIFICANT BREACH



SUPPORT LAW REFORM FOR A BROADER ENFORCEMENT TOOLKIT



ASIC
Australian Securities & Investments Commission

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