



9 August 2019

Ms Jacqueline Rush
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Australian Securities and Investments Commission
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Dear Ms Rush

Internal dispute resolution: Update to RG 165

P&N Bank welcomes the opportunity to provide a submission to ASIC's Consultation Paper 311 Internal dispute resolution: Update to RG 165 (CP 311).

P&N Bank is Western Australia's largest locally owned and managed bank. Offering a full suite of retail banking products and operating under a customer owned model, P&N has over 96,000 active members. P&N's sole focus is their members, who conduct their banking via a network of 15 WA branches, a Perth based Contact Centre or online.

Below are our comments relating to the 15 proposals. If you would like to discuss this further, please contact Corrine Alexander, Senior Manager Enterprise Risk and Regulatory Affairs on 08 9219 7641 or at [REDACTED]

Proposals and Comments

Section	Proposal	P&N Comment
B1 - Definition of 'complaint' – AS/NZS 10002:2014	<p>We propose to update RG 165 to require financial firms' IDR processes to apply to complaints as defined in AS/NZS 10002:2014. It sets out the following definition of 'complaint' at p. 6:</p> <p>[An expression] of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required. The AS/NZS 10002:2014 definition expands the concept of 'complaint' to include expressions of dissatisfaction made 'to or about' an organisation. We consider that this should capture complaints made by identifiable consumers on a firm's own social media platform(s).</p>	<p>P&N currently have processes in place that address how we deal with complaints that are posted on the social media channels we are active on. This process includes replying with a direction for the member to contact our contact centre or visit one of our branches, where the complaint will be lodged. We note that not all complaint comments on social media will be pursued and therefore not part of the IDR process. We believe that this process allows the member to actively pursue the complaint through to IDR rather than every complaint on social media being put through the IDR process.</p> <p>We note that some people do not use their real names on social media which would present a problem with identifying those complaints that are from current members or from someone that has no affiliation with us. We would like to see further guidance clarifying this point and how best to manage</p> <p>We also note that we do not monitor social media channels that we are not active on.</p>

B2 - Definition of 'complaint'— Additional guidance	<p>We propose to introduce additional guidance in draft updated RG 165 to clarify:</p> <ul style="list-style-type: none"> (a) the factors a financial firm should, and should not, consider when determining whether a matter raised by a consumer is a complaint; and (b) the point at which a complaint must be dealt with under a financial firm's IDR process. 	P&N has no issues with this.
B3 - Definition of 'small business'	<p>We propose to modify the definition of 'small business' in the Corporations Act to align it with the small business definition in the AFCA Rules:</p> <p>A Primary Producer or other business that had less than 100 employees at the time of the act or omission by the Financial Firm that gave rise to the complaint.</p>	P&N has no issues with this.
B4 - Recording all complaints received	<p>We propose to update RG 165 to require financial firms to record all complaints, including those that are resolved to a complainant's satisfaction at the first point of contact.</p>	P&N staff currently record all complaints received, including those that are resolved at first contact.
B5 - Recording a unique identifier and prescribed data set for all complaints received	<p>To facilitate the effective operation of the IDR data reporting regime, we propose to require all financial firms to:</p> <ul style="list-style-type: none"> (a) record an identifier or case reference number for each complaint received. The identifier must be unique to each complaint and not be reused by the financial firm (see draft updated RG 165 at RG 165.58 at Attachment 1 to this paper); and (b) collect and record a prescribed data set for each complaint received (see draft updated RG 165 at RG 165.61–RG 165.62 at Attachment 1 and the IDR data dictionary at Attachment 2 to this paper) 	<ul style="list-style-type: none"> (a) P&N currently assigns a unique identifier to each complaint received. This unique identifier stays open until an IDR response is given. (b) Refer to response provided for B15.
B6 - IDR data reporting	<p>We will issue a legislative instrument setting out our IDR data reporting requirements. We propose that all financial firms that are required to report IDR data to ASIC must:</p> <ul style="list-style-type: none"> (a) for each complaint received, report against a set of prescribed data variables (set out in the draft IDR data dictionary available in Attachment 2). This includes a unique identifier and a summary of the complaint; (b) provide IDR data reports to ASIC as unit record data (i.e. one row of data for each complaint); (c) report to ASIC at six monthly intervals by the end of the calendar month following each reporting period; and (d) lodge IDR data reports through the ASIC Regulatory Portal as comma-separated-value (CSV) files (25 MB maximum size). 	<ul style="list-style-type: none"> (a) P&N has no issue with IDR reporting in general, however, do think that the proposed data being requested is more than is required. The proposed data sets would require a significant change to our complaint data capturing systems as well as further training for our front-end staff. (b) P&N is already able to produce reporting as unit record data, however, as significant system changes will be required to capture the proposed data, this will have to be re-designed and tested. (c) P&N has no issue with this subject to comments made in B15. (d) P&N has no issue with this subject to comments made in B15.

B7 - Guiding principles for the publication of IDR data	We propose to publish IDR data at both aggregate and firm level, in accordance with ASIC's powers under s1 of Sch 2 to the AFCA Act.	P&N has no issues with the publication of IDR data, both at an aggregate and firm level just so long that it is deidentified.
B8 - IDR responses— Minimum content requirements	<p>We propose to set out new minimum requirements for the content of IDR responses: see draft updated RG 165 at RG 165.74–RG 165.77 in Attachment 1. When a financial firm rejects or partially rejects the complaint, the IDR response must clearly set out the reasons for the decision by:</p> <ul style="list-style-type: none"> (a) identifying and addressing all the issues raised in the complaint; (b) setting out the financial firms' finding on material questions of fact and referring to the information that supports those findings; and (c) providing enough detail for the complainant to understand the basis of the decision and to be fully informed when deciding whether to escalate the matter to AFCA or another forum. 	P&N already include the minimum content requirements in our IDR responses.
B9/B10 - IDR responses— Superannuation trustees	We do not propose to issue a legislative instrument specifically addressing written reasons for complaint decisions made by superannuation trustees.	P&N are comfortable with this proposal
	We propose to include the content of IDR responses as a core requirement for all financial firms, including superannuation trustees, in the legislative instrument making parts of RG 165 enforceable.	P&N are comfortable with this proposal
B11 - Reduced maximum IDR timeframes	<p>We propose to:</p> <ul style="list-style-type: none"> (a) reduce the maximum IDR timeframe for superannuation complaints and complaints about trustees providing traditional services from 90 days to 45 days; (b) reduce the maximum IDR timeframe for all other complaints (excluding credit complaints involving hardship notices and/or requests to postpone enforcement proceedings and default notices where the maximum timeframe is generally 21 days) from 45 days to 30 days; and (c) introduce a requirement that financial firms can issue IDR delay notifications in exceptional circumstances only. 	<ul style="list-style-type: none"> (a) Not applicable to P&N (b) A reduction in IDR timeframes does not pose a problem for P&N as the majority of complaints in the IDR stage are actioned and responded to before the proposed maximum timeframe. (c) P&N has no issues with this proposal
B12 - Role of customer advocates	<p>We propose to require customer advocates to comply with RG 165 (including meeting the maximum IDR timeframes and minimum content requirements for IDR responses) if they:</p> <ul style="list-style-type: none"> (a) act as an escalation point for unresolved consumer complaints; or (b) have a formal role in making decisions on individual complaints. 	P&N currently employs a Member Advocate who is responsible for complying with RG165.

<p>B13 - Systemic Issues</p>	<p>We propose to introduce new requirements on financial firms regarding systemic issue identification, escalation and analysis:</p> <p>(a) Boards and financial firm owners must set clear accountabilities for complaints handling functions, including setting thresholds for and processes around identifying systemic issues that arise from consumer complaints.</p> <p>(b) Reports to the board and executive committees must include metrics and analysis of consumer complaints including about any systemic issues that arise out of those complaints.</p> <p>(c) Financial firms must identify possible systemic issues from complaints by:</p> <p>(i) requiring staff who record new complaints and/or manage complaints to consider whether each complaint involves potentially systemic issues;</p> <p>(ii) regularly analysing complaint data sets; and</p> <p>(iii) conducting root-cause analysis on recurring complaints and complaints that raise concerns about systemic issues.</p> <p>(d) Financial firm staff who handle complaints must promptly escalate possible systemic issues they identify to appropriate areas for action.</p> <p>(e) Financial firms must have processes and systems in place to ensure that systemic issue escalations are followed up and reported on internally in a timely manner.</p>	<p>(a) Clear accountabilities are already set by our Board regarding the complaints handling functions. However, the size and complexity of a business makes it difficult to determine whether or not a complaint is potentially systemic. P&N would like to see more guidance around this.</p> <p>(b) P&N has no issue with this proposal.</p> <p>(c) P&N currently has a high-level process in place to identify and analyse potential systemic issues. Our Member Advocate assesses the data entered into our Member Feedback portal and any anomalies are investigated if it appears that there is an issue being repeated. P&N staff in the front line, would not have the full picture to determine if a complaint is potentially systemic or not as they are dealing on a case by case basis. Assessment and analysis should be conducted by a Member Advocate and escalated to the Accountable Executive.</p>
<p>B14 - IDR Standards</p>	<p>We propose to update our guidance to reflect the requirements for effective complaint management in AS/NZS 10002:2014: see Section F of draft updated RG 165</p>	<p>P&N are comfortable with this proposal</p>
<p>B15 - Transitional arrangements for the new IDR requirements</p>	<p>We propose that financial firms must comply with the requirements set out in the draft updated RG 165 and supporting legislative instruments immediately on the publication of the updated RG 165, except for the requirements listed in Table 2 of CP311</p>	<p>With the revised regulatory guide being released in December 2019, it is understood that all entities will need to be compliant with all of the changes prior to that date, including the implementation of the Data Dictionary. This timeframe would not be possible due to the amount of system development, testing and training of numerous staff that will be required.</p> <p>We would like to see a 12-month transition period for all changes to be implemented to enable the IT changes to be designed, implemented and tested. Resources will also be required for the training of front-end staff to ensure they are across the changes to procedure. This would mean that the first reporting cycle would be in July 2021.</p>

Yours sincerely



Corrine Alexander

Senior Manager Enterprise Risk & Regulatory Affairs