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Via email: [IDRSubmissions@asic.gov.au](mailto:IDRSubmissions@asic.gov.au)

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Dear Ms Rush

Thank you for the opportunity to comment on the Australian Securities and Investments Commission's Consultation Paper 311 *Internal dispute resolution: Update to RG 165*.

As a major participant in the domestic and global financial system, Mastercard enables a secure, efficient and cost-effective way for consumers and businesses to make and accept payments in Australia.

Our perspective on the proposed update to RG 165 is informed by our role as a trusted service provider to major banks worldwide; and with reference to our experience of regulation in the financial system; along with our role as a receiver and processor of critical and private financial data.

Mastercard Prepaid Management Services provides program management services for Cash Passport for which it is an Australian Financial Services licence holder. As banks and other financial institutions issue cards to consumers, our comments in response to the consultation should be considered in the above context.

## **Commentary on specific provisions in CP 311**

### **1. Definition of complaint – AS/NS 10002:2014**

Mastercard maintains social media platforms predominately as a marketing and promotional device. We understand consumers are increasingly using social media platforms to engage with businesses or leave feedback about products and services.

However, we would be concerned if these platforms become complaint channels because to do so would expose cardholders to unnecessary risk and introduce new and unnecessary compliance burdens for the industry.

#### **Identity verification**

In most instances it is difficult to verify a person's identity based on their social media profile. Our current practice is to direct any concerns or complaints raised on our corporate social media channels offline, to be managed by Mastercard specialists. A key reason for this is so we can verify the identity of the person raising a concern or complaint.

#### **Data Privacy**

While we appreciate consumers use social media to make complaints, we have concerns



about encouraging our cardholders to register complaints in this way because of the risk they may disclose their personally identifiable information, or card details in the public domain. Even though consumers expect to be able to reach us via social media, we have an obligation to protect cardholders' private information and deter behaviour that may result in disclosure of card data.

### **Complaints 'about' an organisation**

We are also concerned about expanding the concept of a complaint to include expressions of dissatisfaction 'about' an organisation or product and what this means for businesses in practical terms. Mastercard does not currently monitor social media platforms that do not belong to us to identify possible complaints 'about' us. To do so would be an undue burden that would be unlikely to result in better outcomes for consumers.

Mastercard believes the proposed guidance on defining a complaint is too broad. It may capture instances where a cardholder is simply providing feedback, which could include negative feedback, but there is no actual issue to resolve and no expectation of a response.

We appreciate ASIC's interest in ensuring a more consistent approach to complaints management across the financial sector and in discouraging the misclassification of genuine complaints as feedback or suggestions. However, the proposed new definition is so broad it will require businesses to treat any comment as a complaint. This would not only increase compliance costs for businesses; it would artificially inflate the number of complaints received by a firm and by the financial sector as a whole, without delivering any additional benefits to consumers.

## **2. B6 - IDR data reporting**

While we look forward to participating in ASIC's consultation on reporting requirements, the prescribed data that must be recorded (and reported) for every complaint will require a substantial redesign to our Customer Relationship Management (CRM) system. The implementation of these changes will come at a significant cost and will require a significant timeframe to implement.

Inherent to the role of a program manager, much of the proposed mandatory reportable data is currently spread across disparate systems, so compiling required reportable data will be a complex build. For example, in relation to items 26, 27 and 28, our CRM system is used to capture details of complaints managed through our IDR processes and external complaints at AFCA, for the purpose of being reviewed independently, are managed discretely from IDR processes, by a different team, using a different system.

Many of the required data elements relating to the details of complaints are currently not contained within discrete fields within our CRM system. For example, while we record complaints and resolution categories, the following details are currently recorded by customer service representatives as diarised notes within a common text field, and as such, are not currently conducive to automated reporting:

- Complainant's desired outcome (item 21)
- Description of complaint issue (item 33)
- Complaint remedy (item 35)





- Financial compensation (item 36)
- Description of outcome and/or remedies (item 37)

ASIC is encouraging service providers to leverage the power of technology and data analytics to improve IDR processes in order to facilitate ASIC's data collection requirements. However, this is capability that does not currently exist and will come at a significant cost, requiring significant effort to develop and implement.

As ASIC is currently consulting on the reporting requirements, there is some uncertainty around the finalised reporting requirements. Analysis and scoping of required changes cannot practically commence until the reporting requirements have been finalised.

Given there will be a significant burden to implement the required system changes to facilitate ASIC's new reporting regime, Mastercard requests that ASIC consider a reasonable implementation timeframe once the specific requirements have been finalised.

### **3. B7 - Guiding principles for the publication of IDR data**

Mastercard looks forward to participating in ASIC's targeted consultation about the approach to data publication.

We are concerned about potential perverse consequences of publishing firm-level IDR data. In particular, we would like to raise the possibility that publication could unintentionally encourage egregious business practices in the sector - for example, a smear campaign making unfounded complaints on a firm's social media properties, inflating the number of reportable "complaints" and damaging the firm's reputation.

There is also the potential for publication of complaint numbers and outcomes (including instances of compensation) to expose firms to the real risk of frivolous and vexatious complaints from consumers seeking a settlement.

### **4. B8 - IDR responses – minimum content requirements**

Mastercard agrees in principle with the minimum content requirements proposed. In nearly all cases, Mastercard will provide a justification to a complainant about the outcome of their complaint.

However, in some circumstances, it will not be desirable or possible for us to meet these requirements. For example, tipping off provisions in anti-money laundering legislation will

sometimes prevent us from providing information to a complainant about why we came to a particular conclusion about a complaint.

We recommend ASIC consider a more detailed carve out from the general minimum content requirements would prevent firms from committing technical breaches of their IDR reporting obligations.

### **5. B11 - Reduced maximum IDR timeframes**

Mastercard appreciates the timely resolution of consumer complaints is desirable, but needs to raise with ASIC that, for our business, complaints about specific matters cannot be resolved within the proposed 30 day timeframe. For example, where we exercise



chargeback rights (reversing a disputed transaction), an acquirer may generally submit a chargeback presentment up to forty-five days from receipt of the chargeback. The chargeback process allows for an additional re-presentment and then arbitration should there be disagreement between the parties. These processes have additional timeframes. Chargeback rights provide important benefits for consumers, allowing them to recover funds for problems such as goods not received etc. While most chargeback processes are finalised within forty-five days, the chargeback system operates in a consistent way globally across Mastercard and we believe it should continue to operate as is for the benefit of consumers.

I trust that the information above is helpful in your review. If you would like additional information on any aspect of this submission, please contact Chris Siorokos, Director Public Policy on 02 9466 3720 or by email to [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read "Andrew Cartwright".

Andrew Cartwright  
**Country Manager, Australia**