



ASIC
Australian Securities &
Investments Commission

Attachment 1 to Media Release (20-327MR) Addendum to Consultation Paper 311 *Internal dispute resolution: Update to RG 165*

Background

In March 2019 we released [Consultation Paper 311](#) *Internal dispute resolution: Update to RG 165* (CP 311). CP 311 set out our proposed new standards and requirements for internal dispute resolution (IDR), including for the collection, lodgement and publication of IDR data.

On 30 July we released new IDR standards and requirements in [Regulatory Guide 271](#) *Internal dispute resolution* (RG 271), which will commence on 5 October 2021. [Regulatory Guide 165](#) *Licensing: Internal and external dispute resolution* (RG 165) continues to apply to all complaints received before 5 October 2021. We also published [Report 665](#) *Response to submissions on CP 311 Internal dispute resolution* (REP 665) and individual submissions that we received. The submissions can be downloaded from the [CP 311](#) landing page.

We have taken into account the feedback we received to CP 311 and reached preliminary positions on a number of issues related to data reporting. We have also developed an updated draft data dictionary: see Attachment 2 to 20-327MR (draft data dictionary). Based on the feedback we received to CP 311, we decided more consultation on the data reporting framework was needed. We are now seeking stakeholder feedback on the practical application of the draft data dictionary.

While we have set out some of our positions on matters consulted on in CP 311, this addendum is not a response to submissions on IDR data reporting. Our response to submissions will be published once we publish the final IDR data reporting requirements.

The implementation of IDR data reporting will happen in stages

The IDR data reporting requirements *will not* come into force on 5 October 2021 when the standards and requirements in RG 271 take effect.

We will invite a number of financial firms to participate in a pilot to test the data dictionary and our systems in the second half of 2021. Following the pilot, we will confirm the next steps for the implementation of IDR reporting. This will include:

- considering staggered commencement dates;
- providing for simpler reporting by smaller firms (e.g. in the form of a spreadsheet); and
- deciding the frequency and nature of publication of IDR data.

The draft data dictionary represents the first stage of ASIC's IDR data collection program. Over time, and on the basis of further consultation with firms, we will seek to extend the data fields in the

dictionary to get an enhanced view of IDR performance. This could include free text about the complaint, information about the distribution channel and whether the complaint relates to specific significant events. We may also consider whether there is merit in applying enhanced data reporting requirements to a particular cohort of financial firms.

Our current position on the IDR data reporting requirements

In CP 311 we asked questions about:

- data collection (questions B4Q1 and B5Q1);
- elements of the data dictionary (question B5Q2); and
- data lodgement requirements (question B6Q1).

Table 1 sets out our current position on the data reporting questions we consulted on in CP 311.

Table 1: Current position on data-related questions that we asked in CP 311:

CP 311 question	Current position
B4Q1 Do you agree that firms should record all complaints that they receive? If not, please provide reasons.	<p>In RG 271 we removed the exception that allowed firms to not record complaints resolved within five days. This means that financial firms must record all complaints from 5 October 2021.</p> <p>We consider that all complaints must be recorded in order to have a full dataset that will meet the Australian Government’s policy objectives. These objectives are legislated for in <i>Treasury Laws Amendment (Putting Customers First—Establishment of the Australian Financial Complaints Authority) Act 2018</i>.</p> <p>Retaining the status quo (i.e. for a firm to report only complaints resolved after five days) would have:</p> <ol style="list-style-type: none"> reduced transparency, as the data reported to ASIC would only be a subset of the true number of complaints; risked creating an incentive for firms to close some types of complaint prematurely, to avoid reporting and regulatory scrutiny; resulted in some complaints remaining unrecorded; and been out of step with comparable jurisdictions (e.g. the Financial Conduct Authority (UK), which requires financial firms to record all complaints).

CP 311 question	Current position
<p>B5Q1 Do you agree that financial firms should assign a unique identifier, which cannot be re-used, to each complaint received? If no, please provide reasons.</p>	<p>Financial firms will be required to create a unique identifier for all complaints reported to ASIC. We will not mandate a specific format or structure for the unique identifiers, and firms can follow their own preference on this.</p>
<p>B5Q2 Do you consider that the data set proposed in the data dictionary is appropriate? In particular:</p> <p>(a) Do the data elements for ‘products and services line, category and type’ cover all the products and services that your financial firm offers?</p> <p>(b) Do the proposed codes for ‘complaint issue’ and ‘financial compensation’ provide adequate detail?</p>	<p>In response to feedback to CP 311, we have simplified the draft data dictionary. Importantly, we have also further aligned the data elements with those used by the Australian Financial Complaints Authority (AFCA). Stakeholders raised alignment with AFCA reporting as an important issue, and we see significant value in being able to track financial system complaints through IDR and to AFCA. For more information, see ‘Our updates to the draft data dictionary’ below.</p>
<p>B6Q1 Do you agree with our proposed requirements for IDR data reporting? In particular:</p> <p>(a) Are the proposed data variables set out in the draft IDR data dictionary appropriate?</p> <p>(b) Is the proposed maximum size of 25 MB for the comma-separated values (CSV) files adequate?</p> <p>(c) When the status of an open complaint has not changed over multiple reporting periods, should the complaint be reported to ASIC for the periods when there has been no change in status?</p>	<p>Our current position on question B6Q1(a) is set out above in our position on question B5Q2. For more information, see ‘Our updates to the draft data dictionary’ below.</p> <p>In response to the feedback on question B6Q1(b), we now plan to increase the maximum file size to 100 MB.</p> <p>We agree with feedback to question B6Q1(c) that a consistent approach to data reporting is essential to ensure data integrity. To support this, we intend to require firms to report all complaints that remain open at the end of each reporting period. This includes those complaints that firms have previously reported to ASIC. Feedback suggested that this approach is more practical for industry, as it allows them to report all open matters without needing to filter previously reported complaints.</p>

Our updates to the draft data dictionary

We have simplified the draft data dictionary in response to feedback to question B5Q2 and further aligned it with AFCA's data elements. For example, we have:

- reduced the number of data elements in the data dictionary from 37 to 23;
- removed several data elements that required free-text responses (although we are likely to seek to collect free text fields relating to complaints in the future);
- further aligned the data elements relating to the relevant product and/or service, the complaint issue and the complaint outcome with those used by AFCA; and
- added a 'Not stated or unknown' option to several data elements asking for demographic information. This means that all demographic data elements now include a 'Not stated or unknown' option. This was in response to feedback that not all complainants disclose this information to financial firms, and that collecting this data may be intrusive or impractical, particularly for complaints resolved at the frontline.

In response to industry feedback and our own internal consideration, we also propose:

- that each complaint will only be able to include one product or service. If a complainant complains about multiple products and services, these would be recorded as multiple complaints (i.e. one complaint per product or service);
- that the location data element will record the complainant's postcode rather than state;
- that financial firms must record monetary outcomes in dollar amounts rather than in ranges;
- that financial firms must record the adviser number when the complaint is about financial advice;
- to give financial firms the flexibility to report data for their various business units or subsidiaries in separate files, to reflect how their business is structured. However there is a data element in the draft data dictionary that will require financial firms with multiple subsidiaries, brands or superannuation funds to report the name of the subsidiary, brand or superannuation fund to which the complaint relates;
- to provide financial firms the flexibility to indicate up to three complaint issues, and up to three complaint outcomes, for a single complaint;
- to collapse three data elements on the product and/or service line, category and type into a single data element. For example, if a complaint was about a loyalty program, a firm would previously have needed to separately record '6 (Payment systems)' for Data element 29, '20 (Non-cash)' for Data element 30 and '137 (Loyalty programs)' for Data element 31. In the updated draft data dictionary, to provide the same information, the firm would record just one item—'135 (Payment systems—Non-cash—Loyalty programs)' for Data element 18; and
- to remove 10 data elements that collected firm-related information. Financial firms will now enter most of this information in the IDR landing page in the ASIC Regulatory Portal before submitting their IDR data file.

For all the changes that we have made to the data dictionary in response to feedback on CP 311, see the draft data dictionary in Attachment 2 to 20-327MR.

We have aligned the draft data dictionary with the AFCA data glossary

The data elements in the draft data dictionary are closely based on the AFCA data glossary (particularly for products and services, issues and outcomes), which are published on its [Datacube](#). Financial firms will be familiar with AFCA's approach to recording and publishing complaints data. Some financial firms have adopted data elements from AFCA's data glossary in their existing complaints handling systems. It is important that the IDR and AFCA elements remain aligned, to allow consistent analysis of complaints handling through their entire lifecycle.

From time to time, we will need to make changes to the data dictionary. For example, if new types of firms are required to become AFCA members or in response to product innovation. We will work together with AFCA to put in place a process to ensure that, as far as possible, the IDR and AFCA data sets remain aligned.

New IDR reporting requirements we intend to introduce

To support simple, flexible and efficient reporting for firms, we have also proposed additional IDR data reporting requirements. These were not specified in CP 311, but we consider that they will clarify the reporting requirements for financial firms.

Data validation

Our data lodgement information technology (IT) system will now validate financial firms' data upfront. We will notify firms whether their lodgement meets our data validation requirements.

Flexibility in reporting structure

Some financial firms have multiple business units, subsidiaries or brands operating under a single licence. We intend to give these firms the flexibility to report their IDR data as one consolidated file or through multiple files. Firms will be able to establish their reporting structure at the beginning of each reporting period.

Other IDR reporting requirement proposals

Reporting periods and lodgement due dates

In CP 311 we proposed that financial firms would report to ASIC every six months, by the end of the calendar month following each reporting period.

We have maintained our view that data should be reported by the end of the month following the end of the reporting period. However, to ensure the currency of the IDR data that is reported to ASIC, we are now considering whether it would be more appropriate for firms to report data on a quarterly basis, rather than every six months. We are aware that many firms are already reporting about complaints internally on at least a quarterly basis.

Additional data elements on consumer vulnerability and complaint channel

We also propose to introduce two additional data elements:

- a data element to record whether the consumer or small business has been flagged as experiencing vulnerability at the time the complaint is made; and
- a data element that identifies the channel through which the complaint was received (e.g. call centre, online, social media or in person).

Data publication

In CP 311 we proposed to publish IDR data at both aggregate and firm level. We received substantial feedback that any IDR data we publish should allow for fair comparisons between firms of different sizes and industry sectors. A number of submissions also noted that this would help firms benchmark their IDR performance against other industry participants.

We are now exploring the most appropriate available metrics of business size and sector to publish alongside firm-level data. The [‘Compare the firms’ page](#) on AFCA’s Datacube provides one example of how these metrics can be applied to assist with fair comparison and benchmarking.

Specific questions for feedback

You are able to provide feedback on any aspect of our proposed data reporting approach, as set out in this addendum, as well as in relation to the draft data dictionary. We also seek your specific feedback to the following questions:

1. Will the draft data dictionary be practical for industry to implement? If not, why not?
2. If your financial firm has multiple business units or brands under the one licence, would you prefer to report the complaints data separately or as one single file?
3. The data dictionary captures multidimensional data by allowing each complaint to have one product or service, up to three issues and up to three outcomes. Where there are multiple issues and outcomes, this is captured using in-cell lists, rather than multiple rows or columns. Is this approach appropriate?
4. Do you support quarterly reporting of IDR data? If not, what are the additional costs of reporting data on a quarterly rather than half yearly basis?
5. Do you support the two proposed additional data elements that would capture consumer vulnerability flags and the channel via which the complaint was received? If not, why not?
6. When we publish the IDR data, how can we best contextualise the data of individual firms? Are there any existing metrics of size and sector that would be appropriate for this purpose?
7. Which IDR data elements do you think will be most useful for firms to benchmark their IDR performance against competitors?

Making a submission

Comments should be sent by 5 pm on **Friday 12 February 2021** to:

Senior Manager, Behavioural Research and Policy Unit
Australian Securities and Investments Commission
Level 5, 100 Market Street
Sydney NSW 2000
email: IDRdata@asic.gov.au

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