

12 February 2021

Senior Manager, Behavioural Research and Policy Unit
Australian Securities and Investments Commission
Level 5, 100 Market Street Sydney NSW 2000

By email: IDRdata@asic.gov.au

Dear Senior Manager

Response to Regulatory Guide 271: Proposed data reporting approach

COBA welcomes the opportunity to respond to ASIC's proposed data reporting approach on internal dispute resolution reporting requirements.

COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). Collectively, our sector has \$144 billion in assets, around 10 per cent of the household deposits market and more than 4.5 million customers. Customer owned banking institutions account for around three quarters of the total number of domestic Authorised Deposit-taking Institutions (ADIs) and deliver competition and market leading levels of customer satisfaction in the retail banking market.

Draft data Dictionary

A COBA member has raised a question about the scope of the ASIC's data dictionary, i.e. it only includes AFCA issues and products/services that relate to complaints that align with AFCA rules.

ADIs typically record any expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint and where a response or resolution is explicitly or implicitly expected or legally required. This is all captured under their system but does not completely align with AFCA rules. Complaints such as interest rates for home loans/term deposits, the level of a fee, or changes to formatting of internet banking are recorded by the ADI but this is not included in the data dictionary as they are usually outside the rules for AFCA. COBA seeks clarification on how to align these two regimes.

On Item #20 – Adviser number, COBA members require clarification on how to record internal staff providing advice on products to consumers as the data dictionary assumes that financial advice is always from an external adviser with a specific license number.

Feedback from COBA members on the specific questions ASIC seeks clarity around is below.

Q1: Will the draft data dictionary be practical for industry to implement? If not, why not?

COBA members agree that a consistent dictionary for industry would be useful, recognising the significant development work and cost to implement it.

Q2: 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?

Members prefer that the complaints be reported under one single file.

Q3: 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?

Members would prefer a multiple rows/columns approach rather than in-cell lists as the lists create multiple combinations which would increase the likelihood of incorrect classification.

Q4: 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?

Quarterly reporting is generally acceptable to members subject to consideration of the compliance burden, particularly for smaller ADIs with limited resources.

Q5: 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?

COBA requires further clarity on the issue of vulnerability and how ASIC proposes to define vulnerability in the context of complaint handling. This proposal would also have to be considered in the context of to what extent ADIs would be expected to assess vulnerability at all levels of the organisation while simultaneously observing the sensitivity and privacy of complainants, and in what ways ASIC would expect a complaint to be assessed and handled differently for a vulnerable complainant when all complaints should be treated honestly and fairly.

We feel that including consumer vulnerability would add significant compliance burdens and it being a subjective measure, should not be included in the reporting.

Q6: 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?

The current approach by AFCA in its data publication which outlines the size and sector (e.g. mutual ADI) is a good approach.

Q7: Which IDR data elements do you think will be most useful for firms to benchmark their IDR performance against competitors?

COBA members have offered some possible data elements but it is important to note that the benchmarking is of limited value unless all reporting firms record complaints in a consistent way and report it accordingly. Proposed data elements include:

- Number of complaints,
- Time to resolve (i.e., the difference between date closed and date opened)
- Product or service
- Outcome of complaint (in whose favour)
- Number of complaints that have an AFCA status = Yes/No

Thank you for the opportunity to provide these comments. If you wish to discuss any aspect of this response please contact Luke Lawler [REDACTED] or Esther Rajadurai [REDACTED].

Yours sincerely,

MICHAEL LAWRENCE
Chief Executive Officer