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Dear Ms Edmondson

## Feedback on internal dispute resolution reporting requirements

The Westpac Banking Corporation (**Westpac, we**) welcomes the opportunity to provide feedback on ASIC's proposed requirements for internal dispute resolution (**IDR**) data reporting in the *Addendum to Consultation Paper 311*. We have developed our response with a focus on ensuring the IDR framework delivers efficient, equitable and effective outcomes for customers.

We appreciate ASIC's efforts to streamline its data dictionary to support simple and efficient reporting for firms, and to provide reasonable flexibility for firms to collect and report data in ways that best reflects their individual structures and systems. While Westpac supports most elements proposed within the data dictionary, we also understand that it represents the first stage of ASIC's data collection program and look forward to engaging with ASIC and our industry peers as the program develops. To enhance our engagement, we would be interested in participating in the Pilot program noted in ASIC's *Attachment 1 to Media Release (20-327MR): Addendum to CP 311* and look forward to discussing its timing and content. We would particularly value further discussion on aligning our internal reference codes to those proposed by ASIC and discussed further in our comments below.

In addition to the comments below, our response includes:

- In **Appendix A**, responses to the questions asked by ASIC; and
- In **Appendix B**, commentary regarding specific data dictionary elements.

## Collecting and reporting upon demographic data elements

We have significant concerns regarding ASIC's proposed collection of demographic data, based on legal, regulatory, operational, and customer-experience grounds.

We submit that recording information about race, ethnic origin and gender is sensitive information which requires express consent under privacy laws. For racial and gender information, Australian Privacy Principle (APP) 3.2 requires the collection be reasonably necessary for one or more of our functions or activities. We seek more information from ASIC around its rationale for requesting this information, including how it will or should interact with relevant privacy laws.

We do not currently request or specifically collect the demographic information proposed by ASIC from our customers, and do not propose to begin doing so. As noted above, we do not require this information to

perform our functions or activities and feel it would be inappropriate. We believe this would result in a particularly poor customer and banker experience, if we were required to ask this information of each customer contact. We would welcome the opportunity to discuss alternative options with ASIC regarding this aspect of its dictionary, including providing a sample approach or survey of customers over a defined period to gather relevant information. This will of course approximate the information sought and must be treated sensitively to make any comparisons with industry peers meaningful. We discuss these alternative options in more detail in **Appendix B**.

## **Capturing data on customers in vulnerable circumstances**

ASIC proposes to include two additional data elements to its dictionary, being 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).

### *Vulnerability*

While we support the objective of providing additional support to customers in vulnerable circumstances, it may be difficult to capture this information as a 'flag'. In the absence of industry consistency regarding the definition of vulnerability and the application of a flag across firms, we suggest ASIC may be unable to produce useful, comparative reporting. Recording vulnerability information may also constitute sensitive information under privacy laws. We submit that firms should be able to demonstrate, within the management of its complaints, that vulnerability and sensitivity factors are being considered in the complaint resolution, and through driving referrals for appropriate support within the organisation and externally.

### *Small business definition*

We note that the definition of 'small business' differs across numerous regulatory and legal regimes, and this discrepancy is likely to cause confusion during the data collecting process. Further, given Westpac treats certain customers as 'small businesses' for different purposes and in different contexts across its businesses, our ability to ensure genuinely comparable data for this element will be impacted. We welcome further discussion with ASIC regarding this data element, to ensure a consistent and universally understood definition of small business applies to all industry peers, so that accurate and comparable data is published.

## **Alignment of 'Product Service' and 'Complaint Issue' code references**

In relation to elements 18 and 19 within the data dictionary, we note that the product or service list within our system does not align with ASIC's code references at table 4-12 (for data element 18); or for ASIC's complaint issue reference at table 13 (for data element 19). To align with ASIC's references would require a significant change to our current complaint category design and taxonomy, and divisional, systemic and root cause reporting. We also note that aligning our internal data with ASIC's proposed structure may lead to a level of inaccuracy at the more granular level requested by ASIC, potentially adversely impacting the quality of comparative reporting. In some cases, our internal categories would not map clearly to one of the single ASIC categories without potentially significant system/process change. We provide more detail on this issue at **Appendix B**.

We encourage ASIC to consider simplifying these data elements to focus on higher-level categories. We also seek guidance whether ASIC intends to review and refine (where appropriate) the taxonomy within the data dictionary through its Pilot process.

## **Publication of comparable IDR data**

We strongly emphasise that the publication of IDR data should be done in a way that avoids misunderstanding of comparative firm performance. We note that there is a range of maturity and sophistication across the industry and as such, comparisons based on volumes (for example) may lead to an incorrect inference that more mature firms which are recording more complaints may be providing worse service. Conversely, a practice of recording complaints may demonstrate a culture focused on customer service. To achieve the most valuable comparisons, in addition to context regarding each firm, the metrics reported should be chosen carefully, to reflect the efficiency, fairness and quality of the complaint process.

## Further engagement

In its *Attachment 1 to Media Release (20-327MR): Addendum to CP 311*, ASIC states:

*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.*

We seek further information and engagement with ASIC regarding this statement, particularly to what extent ASIC intends to extend relevant data elements.

Please contact Robert Ashley on [REDACTED] and by email at [REDACTED] if you require anything further.

Yours sincerely,

**Lisa Pogonoski**

General Manager, Customer Solutions,  
Customer and Corporate Relations

## Appendix A – Responses to ASIC’s questions

#	Question	Response
1.	Will the draft data dictionary be practical for industry to implement? If not, why not?	<p>As noted in our covering letter, Westpac supports most elements proposed within the draft dictionary. We also note that considerations around the practicality of implementing the data dictionary are multi-faceted and subject to multiple (and at times competing) priorities.</p> <p>We make the following observations:</p> <ol style="list-style-type: none"> <li>1. Having insight into complaints data and common themes across industry participants may be helpful in driving co-ordinated efforts to improve the customer complaint process and general customer experience. To the extent that the data dictionary achieves or enhances this outcome, we support its implementation.</li> <li>2. From an operational and implementation perspective, we anticipate a significant amount of extra training will be required to enable our staff to identify and appropriately report each of the data elements in the data dictionary.</li> <li>3. We expect that certain data fields (particularly those seeking demographic information), will be difficult and potentially inappropriate to obtain, and may not be accurate or comprehensive for the purposes of public disclosure and comparison with industry peers. We have discussed this in more detail in our covering letter.</li> <li>4. We also seek clarification from ASIC regarding the process to be applied for complaints received by Westpac for products it distributes but does not manufacture.</li> </ol>
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?	Our preference is to report the complaints data as one single file. Aligned to this simpler process is our preference to share the proposed data at a level that ensures it is easy to analyse and prepare for submission and publication.
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?	<p>This approach is appropriate, subject to the following comment:</p> <p>A single complaint may involve an issue that is not product based. We seek more information regarding this approach, including instances where, for example, a customer with five products has a service complaint. In this scenario, are we expected to log complaints against the five products, despite them not being the subject of the complaint?</p>

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?	<p>We support half-yearly reporting of data, provided the format and data content is settled and consistent, and not subject to change.</p> <p>We anticipate that reporting will require an additional operational effort across multiple teams and will take at least four weeks from the end of each collection period to collate, review and validate our data.</p> <p>We recommend that ASIC consider aligning the reporting cycle with the timeframe for breach reporting to the Banking Code Compliance Committee (<b>BCCC</b>) (i.e., 1 March and 1 September of each year).</p>
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?	<p><b>Recording information regarding vulnerability.</b></p> <p>We do not support the additional data element that would capture customer vulnerability flags and have discussed this in our covering letter. Like the capture and reporting of data regarding gender and ethnic origin / race, we have significant concerns around sharing any information related to vulnerability flags as this may, in certain circumstances, constitute sensitive information under privacy laws.</p> <p><b>Channel through which complaint received.</b></p> <p>We support this additional data element and have implemented the following channels through which customers can lodge their complaint: branch, contact centre, email, external complaints authority, letter, relationship manager, secure channel, secured chat, social media, survey and website.</p>
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?	<p>We support the ABA's view that to achieve the most valuable comparisons, in addition to context regarding the firm, the metrics reported should be chosen carefully, to reflect the efficiency, fairness and quality of the complaint process.</p> <p>We seek further engagement with ASIC and industry on this question, to ensure data collected from firms like Westpac (with multiple licensees) can be accurately and meaningfully compared to firms with fewer sub-entities and / or licensees. We believe that emphasising how different firms are structured is an important part of contextualising how their respective complaints metrics should be interpreted.</p>
7.	Which IDR data elements do you think will be most useful for firms to benchmark their IDR performance against competitors?	Westpac's starting point is to develop and implement a complaint handling system that is efficient and easy for our customers to use while ensuring our regulatory, legal and compliance obligations are met.

		<p>We note that comparisons based on volumes are likely to lead to a misunderstanding of the service proposition across firms.</p> <p>We submit that comparative reporting would be more reflective of performance if it focused on relative measures, such as:</p> <ul style="list-style-type: none"> <li>• Average time to resolve.</li> <li>• Proportion of complaints escalated to AFCA (or matters resolved at IDR vs EDR).</li> <li>• Proportion of complaints resolved at first point of contact.</li> <li>• Customer satisfaction ratings with firms' complaint handling process, provided comparable data across industry participants can be collected.</li> </ul>
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## Appendix B – Data Dictionary Elements

While we are comfortable in being able to record and report upon most of these data elements, we make the following observations in relation to specific elements:

#	Data Element name	Response
4	Complainant gender	<p>Please note our comments under data element 6 below. The same issues applicable to recording information about race or ethnic origin applies to the collection of information regarding gender.</p> <p>We also consider that collecting information about gender and / or racial origin could be viewed as unnecessary and potentially prejudicial to the impartial assessment of complaints.</p> <p>We have also discussed this issue in more detail in our covering letter.</p>
5	Complainant date of birth	<p>We note the following protocol, being:</p> <p><i>"If the complainant's date of birth is not stated or unknown, enter '01/01/1900'".</i></p> <p>We note the significant amounts of work required by Westpac to provide comprehensive data on this element, due to multiple legacy systems, coding implications and further training to ensure staff record data correctly.</p>
6	Aboriginal or Torres Strait Islander descent	<p>Recording information about race or ethnic origin is sensitive information which requires express consent under privacy laws. For racial and gender information, APP 3.2 requires the collection be reasonably necessary for one or more of Westpac's functions or activities. We seek more information from ASIC around its rationale for requesting this information, including how it will or should interact with relevant privacy laws. We provide more detail on this issue in our covering letter.</p> <p>We note ASIC has added a:</p> <p><i>'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.</i></p> <p>We seek further engagement with ASIC on its request for demographic data, given our legal, compliance and privacy concerns with providing this information.</p> <p>We also note that, as mentioned in our covering letter above, alternative methods to collect this information may be more appropriate. For example, Customer Care, our call centre network, has established a dedicated Indigenous Connect Team (Yuri Ingkarninhi) to assist customers who identify as Aboriginal and Torres Strait Islander peoples. Our team would welcome the opportunity to work with ASIC to provide appropriate insights or information regarding this data element.</p>

15	AFCA status	We seek further clarification from ASIC as to the nature of this request, particularly whether a complaint “has [ever] previously been at AFCA”, specifically in relation to historical timeframes.
17	AFCA date	We seek clarification regarding whether the “AFCA date” is the date that AFCA received the complaint, or otherwise. If it is the date AFCA received the complaint, we submit it is more appropriate for AFCA to provide this information.
18	Product or service	<p>We note that the product or service list within our system does not align with ASIC’s code reference at table 4-12. To align with ASIC’s references would require a significant change to our current complaint category design and taxonomy, divisional, systemic and root cause reporting.</p> <p>We also note that aligning our internal data with ASIC’s proposed structure may lead to a level of inaccuracy at the more granular level requested by ASIC, potentially lowering the quality of comparative reporting.</p> <p>We encourage ASIC to consider simplifying this data element to focus on higher-level categories. We also seek guidance whether ASIC intends to review and refine (where appropriate) the taxonomy within the data dictionary through its pilot process to ensure completeness of the categories and to minimise mapping inaccuracies in the data provided.</p> <p>We have provided more detail on this element in our covering letter.</p>
19	Complaint issue	<p>Like data element 18 above, we note the complaint issue free text field in Westpac’s system does not align with ASIC’s code reference at table 13.</p> <p>We have spent significant time selecting and refining complaint issue categories based on an interpretation from CP 311 that we would have the flexibility to design and apply our own issue classification. Our categories are based on previous experience handling complaints and are tailored to our specific business requirements.</p> <p>We encourage ASIC to consider simplifying this data element to focus on higher-level categories. This would allow us the flexibility to apply a second tier of complaint types that best fits our service offerings, business types and customer base. We have provided more detail on this data element in our covering letter.</p> <p>Like the query raised against the data element above, we would like to understand whether ASIC’s Pilot process can be used to identify areas for further discussion and refinement.</p>
21	Outcome in whose favour	<p>Westpac supports the ABA’s view that this field is not required and may drive unintended consequences in complaint resolution processes. The outcome fields, regarding monetary and quantum fields and ‘other outcomes’, will provide sufficient information regarding whether the resolution to the complaint resulted in payment or action for the benefit of the customers.</p> <p>It is possible that this classification might discourage positive complaint resolution practices, such as willingness to make</p>



		<p>concessions without admission of liability, to allow the parties to meet their respective starting positions.</p> <p>Further, the proposed categorisation may be seen to imply that a decision of the customer is not in favour of the firm. We are conscious that there may be a degree of inconvenience to the customer, or a relationship that we wish to restore, and as a result, we may be incentivised to make a goodwill gesture. We submit that it may not be appropriate or desirable for an implication or an admission of wrongdoing or liability to be attached to such an outcome.</p>
22	Monetary compensation	<p>We submit that this field is not required and may drive unintended consequences in complaint resolution processes.</p> <p>We seek further clarification from ASIC regarding this element, particularly whether it seeks to capture compensation related only to quantified loss?</p> <p>We also note it is not clear whether this element only relates to compensation with respect to liability, or whether payments provided on a compassionate, commercial or goodwill basis are intended to be captured. Similarly, the quantum of a complaint resolution in total may include substantial waiver of debts, which would appear not to be contemplated as being within this category.</p> <p>Regarding 'other outcomes', we request that ASIC include the following item types, being to 'correct the record', 'cease legal or other action' and 'provide a commitment to review the issue'. In addition, we suggest that the outcome 2 'apology' should be supplemented by the addition of a further separate code for 'explanation' to ensure both limbs of RG 271.71 are covered.</p>