

## Better and beyond:

Expanding better banking outcomes to more low-income Australians

REP 811 | July 2025



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#### Artist acknowledgement

The 'Success Our Way' artwork concept and narrative was created by Tarni O'Shea, a South Sea Islander and Butchula artist and designer for Gilimbaa Creative Agency.

The <u>story behind the artwork</u> captures the Guiding Principles and the Key Learnings that underpin the ASIC's Indigenous Financial Services Framework. The elements we have chosen for the cover page represent the strengths of Indigenous communities – highlighting that knowledge and understanding can be shared and celebrated, creating pathways and equal opportunities for future generations.

#### Disclaimer

This report does not constitute legal advice. We encourage you to seek your own professional advice to find out how the Corporations Act and other applicable laws apply to you, as it is your responsibility to determine your obligations.

Examples in this report are purely for illustration; they are not exhaustive and are not intended to impose or imply particular rules or requirements.

## **Executive summary**

#### Addressing the impact of bank fees on low-income customers

Consumers receiving Australian Government concession payments – typically known as 'low-income customers' – negotiate daily life with limited financial resources. Where these limited resources are eroded by bank fees, this can affect their ability to manage essential day-to-day expenses. That is why we have taken an interest in the impact of bank fees on people in these circumstances, especially where those fees are incurred on transaction accounts.

In July 2024 we released Report 785 Better banking for Indigenous consumers (REP 785), which highlighted excessive fees charged through transaction accounts to low-income First Nations consumers. It also included the action taken by banks involved, including promises of \$28 million in refunds to low-income consumers and proactive migration of over 200,000 low-income customers from high-fee to low-fee accounts.

Following the publication of REP 785, we undertook further work across a broader cross-section of the banking sector to encourage banks to:

- address financial harm to all low-income customers incurred through dishonour, overdraw and account-keeping fees on transaction accounts (high-fee accounts) (referred to as 'fee harm' in this report)
- improve their processes to ensure available basic, no-fee or low-fee accounts (low-fee accounts) are accessible to all low-income customers, and
- take more effective approaches to account migration.

Our follow-up work focused on low-income customers across Australia, and has resulted in significant positive outcomes for consumers. Banks have:

- committed to a further \$60 million in refunds to over 770,000 customers
- moved a further 820,000 customers to low-fee accounts, and
- implemented process improvements aimed at preventing this type of fee harm in future.

#### Better and beyond for all low-income customers

In line with commitments stated in the *Better banking* report (<u>REP 785</u>), the four banks featured in that work (participating banks) have paid over \$33 million in refunds to the cohort of customers from that report – an increase on the \$28 million promised at the time of the report.

This report outlines the other results of our follow-up work, in which we engaged with banks and encouraged action for consistent consumer outcomes. Further outcomes include:

- banks committing to over \$60 million in further refunds to more low-income consumers (see page 6):
  - three of the four participating banks have committed to around \$57 million in further refunds, benefiting over 730,000 low-income customers, and



 seven additional banks reviewed the impact of high-fee accounts on low-income customers and have committed to \$3.6 million in remediation, benefiting an additional 45,000 low-income customers

- > banks improving customer access to low-fee accounts (see page 10). For example:
  - three of the participating banks worked to migrate over 815,000 additional low-income customers from high-fee to low-fee accounts, saving them an expected \$40 million per year
  - seven additional banks have reviewed and improved the effectiveness of their migration processes. Some have already migrated over 7,700 low-income customers from high-fee to low-fee accounts, resulting in over \$410,000 in prevented annual fee harm for those customers, and
  - nine additional banks reviewed existing processes and removed burdensome
    requirements for customers to access low-fee accounts. This included five banks that
    removed the requirement for proof of a Commonwealth Seniors Health Care Card, Health
    Care Card or Pensioner Concession Card (concession card) instead, these banks used
    transaction data to identify low-income customers, and
- banks improving specialist services provided for First Nations customers (see page 13). Nine additional banks improved their internal processes to serve First Nations customers. This included six banks that confirmed they were collecting information on customers that identified as Aboriginal and/or Torres Strait Islander peoples to better inform service delivery to these customers.

These outcomes are a result of ASIC broadening the scope of our follow-up work beyond the participating banks to:

- other banks that are signatories of the <u>Banking Code of Practice 2025</u> (Banking Code) referred to as Australian Banking Association (ABA) member banks in this report, and
- a number of customer owned banks who are signatories to the <u>Customer Owned Banking</u>
   <u>Code of Practice 2022</u> (COBA Code) referred to as Customer Owned Banking Association
   (COBA) banks in this report.

We focused on banks that provide both high-fee and low-fee accounts, particularly those with product offerings that include dishonour, overdraw and account-keeping fees. For the banks included in the follow-up work, see Appendix 1.

Since the publication of the *Better banking* report (<u>REP 785</u>), the ABA has applied to the Australian Competition and Consumer Commission (ACCC) for renewal of the authorisation that allows ABA member banks to agree on relevant provisions in the Banking Code regarding low-fee and no fee transaction accounts for eligible customers. The ACCC authorisation enables banks to offer low-fee accounts and is explained at Appendix 2.



## Key findings from ASIC's Better and beyond report



ASIC engaged and collected data from

21 banks





Banks will pay **over \$93 million** in refunds to more than **920,000 customers** 



Over \$33 million
in fees already refunded to more than

150,000 customers

A further \$60 million to be refunded nationwide to over

770,000 customers

Over one million customers moved into low-fee accounts, saving them an expected \$50 million in future yearly fees

### As a result of our latest review



9
additional banks
removed barriers
to accessing
a low-fee account

additional banks improved processes for moving customers to low-fee accounts





6

additional banks are collecting data to **better serve**their First Nations customers



Alignment with ASIC's Reconciliation Action Plan and Indigenous Financial Services Framework

As well as addressing financial harm to low-income Australians nationwide, this report provides information on how a greater number of banks are addressing the needs of their First Nations customers, including those on low incomes. This aligns with the activities and outcomes of ASIC's Reconciliation Action Plan 2023–26, which details our vision for reconciliation – namely, that First Nations peoples have the freedom to pursue and achieve the financial lives they value, and are supported by a culturally competent, equality-driven and accessible financial system.

This report also aligns with the outcomes detailed in our <u>Indigenous Financial Services Framework</u>, which include:

- reduced impact of harms and misconduct on individuals and communities
- the provision of accessible and appropriate financial products and services
- positive and culturally appropriate experiences when engaging with the financial services industry, and
- improved financial outcomes and financial wellbeing.

These outcomes are long term and require collaboration across a range of stakeholders, such as the financial services industry, service providers like consumer advocates, communities and government agencies. These stakeholders' roles affect First Nations peoples' access to and engagement with the financial system and, in turn, their financial wellbeing.



## Action to improve banking outcomes for lowincome customers

Our earlier work, outlined in the *Better banking* report (<u>REP 785</u>), involved specific cohorts of low-income customers to demonstrate fee harm – that is, customers in distinct regional and remote geographic locations where there are significant Indigenous populations and limited banking channels, and customers in receipt of ABSTUDY payments (collectively, the REP 785 cohort). However, as outlined in this report, we have identified fee harm as a more widespread issue.

The REP 785 cohort were low-income customers, identified by their banks as receiving Government concession payments qualifying them for a concession card, who banked with the participating banks:

- Australia and New Zealand Banking Group (ANZ)
- Bendigo and Adelaide Bank (Bendigo Bank)
- Commonwealth Bank of Australia (CBA), as well as its Bankwest division, and
- Westpac Banking Corporation, including its regional retail brands St.George, BankSA and Bank of Melbourne (Westpac)

The work identified significant fee harm, particularly through dishonour, overdraw and account-keeping fees on transaction accounts. Those low-income customers could have avoided these fees if they had been in low-fee accounts available with the participating banks.

In addition to highlighting a range of actions undertaken by the participating banks, REP 785 set clear recommendations that banks could follow to reduce the impact of high fees on their low-income customers. These included that:

- all banks should review the impact of high-fee accounts on all low-income customers and provide appropriate remediation for those identified as experiencing fee harm, particularly through overdraw, dishonour and account-keeping fees
- all banks should review, monitor and continuously improve the effectiveness of their processes for migrating customers on low incomes to low-fee accounts. Banks should reduce customer burden and ensure appropriate account distribution to low-income customers
- the broader banking industry should review and improve the promotion and distribution of high-fee and low-fee accounts. This includes considering target market determinations (TMDs) and the distribution of account features with specific fees that could cause fee harm to low-income customers. Banks should use information that is readily available and not impose unnecessary burdens, like requiring low-income customers to show a concession card, and
- all banks should ensure appropriate and adequate promotion and resourcing of specialist First Nations services. This will require banks to know which of their customers are, or could benefit from, engaging with these services. Banks also need to commit to continual reflection and improvement of their First Nations services to ensure they remain fit for purpose.



## Refunding fees to all low-income consumers

In the Better banking report (REP 785) we said that:

All banks should review the impact of high-fee accounts on all low-income customers and provide appropriate remediation for those identified as experiencing fee harm, particularly through overdraw, dishonour and account-keeping fees.

Better and beyond – since REP 785:

Three of the participating banks committed to extending their remediation actions to low-income customers nationwide. Another eight ABA member banks reviewed customer data to identify fee harm, with seven of those also committing to remediate those customers.

In July 2024, all four participating banks had committed to refunding the REP 785 cohort. According to those commitments, they have made the following payments to low-income customers in the REP 785 cohort:

- ANZ has refunded over \$1.8 million to over 9,320 customers for fees incurred between 1 July 2019 and 31 August 2024. This was an extension of the commitment made in the *Better banking* report (REP 785), where ANZ stated that refunds would only cover fees incurred from November 2021.
- Bendigo Bank has refunded over \$1.12 million to 19,488 customers for fees incurred from July 2019. This is an extension of the commitment made in the REP 785, where Bendigo Bank stated that refunds would only cover fees incurred from 1 July 2023.
- Westpac has refunded over \$5 million to more than 27,000 customers for fees incurred from
   1 July 2019.
- CBA (including Bankwest) has paid over \$25 million to approximately 90,000 accounts for fees incurred from 1 July 2019.

### Three out of four participating banks go beyond

Our follow-up work included engaging with participating banks, emphasising ASIC's recommendation to refund all low-income customers who had incurred avoidable fees while eligible for a low-fee account. We also recommended that banks comply with Regulatory Guide 277 Consumer remediation (RG 277), which states that financial service providers should return all affected consumers to the position they would otherwise have been in had the failure not occurred: see RG 277.61. This includes banks giving consumers the benefit of the doubt in order to minimise the risk of under-compensation: see Table 1 in RG 277.

Since July 2024, three of the four participating banks have extended their actions by making commitments to refund low-income customers nationwide. Those banks' approaches have varied, including in relation to the types of accounts and fees in scope for remediation:

Over 599,000 ANZ accounts were impacted by over \$66 million in fees between July 2019 and October 2024. ANZ has committed to refunding an estimated \$47.9 million to approximately 588,900 accounts for fees incurred from July 2019. These payments include a 'time value of



money' component, to account for the customer not having the benefit of the money for a period of time. ANZ will make the payments progressively and intends to complete all payments by June 2026.

- Over 19,000 Bendigo Bank accounts were impacted by over \$3.3 million in fees between July 2019 and October 2024. Bendigo Bank has refunded over \$155,000 to more than 600 additional low-income customers nationwide for fees incurred from July 2023. The refund included a 'top-up' component (which Bendigo calculated using an interest rate of 3.75% that would have applied had the money been held in a Bendigo savings account) to ensure customers were in a beneficial position.
- Over 460,000 Westpac accounts were impacted by over \$52 million in fees between July 2019 and October 2024. Westpac has committed to refunding over \$9.9 million to 148,000 low-income customers nationwide for fees incurred from 4 July 2023. The payments include an interest component to account for customers not having had access to those funds.

**Note:** All figures in this list are based on data provided by the banks. The refund figures reflect the fact that each bank has taken a different approach to scoping their remediation program. Some banks applied more expansive methodologies than others. Information about a bank's refund commitment does not reflect the seriousness or otherwise of that bank's conduct compared to other banks.

The refunds provide tangible benefits for individuals reliant on Government concession payments:

- Charlotte, an ANZ customer on a JobSeeker payment from the Mandurah region of Western Australia, will be refunded over \$5,200 by ANZ (equivalent to 13 weeks of JobSeeker payments), including over \$4,160 in accrued dishonour fees.
- Cassie, a single parent from South Adelaide, South Australia, will be refunded \$2,645 in overdraw fees by Westpac (equivalent to approximately 110 hours of minimum-wage work).
- Derek, a pensioner from Chadstone, Victoria, has been refunded \$1,236 for past Bank@Post fees by Bendigo Bank (equivalent to approximately one fortnightly Age Pension payment).

**Note:** Names in case studies do not reflect actual customer information. Banks did not provide personal customer information to ASIC. JobSeeker, minimum wage and Age Pension equivalents are based on June 2025 figures from Services Australia (JobSeeker and Age Pension) and the Fair Work Ombudsman (minimum wage).

CBA and Bankwest have indicated they do not intend to make payments to customers outside the REP 785 cohort who incurred fees in high-fee transaction accounts while eligible for a low-fee account.

CBA (including Bankwest) provided data indicating that, between July 2019 and October 2024, it charged approximately \$270 million in fees (including account-keeping, dishonour and overdraw fees) to about 2.2 million low-income customers not in the REP 785 cohort.

CBA noted that it provides services to a high volume of remote and regional customers on a much larger scale than any other financial institution. CBA considers that low-income customers benefit from informal overdraw facilities attached to its high-fee accounts, on the basis that these facilities provide customers with financial autonomy and flexibility.



Other ABA member banks refund fees to low-income Australians

We also engaged with other ABA member banks about the recommendations in the *Better banking* report (REP 785). As a result, several other banks took action. The following banks identified low-income customers who were eligible for a low-fee account but were incurring fees in a high-fee account. These banks reviewed transaction data to assess if customers were receiving low-income payments, confirming their eligibility for a low-fee account, before committing to remediate customers as follows:

- Suncorp Bank committed to refunding over \$2.8 million in fees to 33,496 customers, and will include an additional amount to account for the time value of money.
- MyState Bank refunded over \$27,500 to 760 accounts.
- Bank of Queensland (BOQ) refunded over \$740,000 to 9,274 customers for fees charged from July 2019 (including an interest component).
- Bank Australia expects to refund over \$42,170 to 1,532 accounts by 30 September 2025 (including an amount to account for inflation).
- AMP intends to refund over \$33,955 to more than 530 customers for fees incurred from July 2019 (including an interest component).
- Bank of Sydney intends to refund over \$3,000 to 35 accounts. Bank of Sydney has also established manual processes to identify and refund fees on a monthly basis for low-income customers flagged as having experienced fee harm.
- Rabobank identified low-income customers who held concession cards and refunded \$782 in fees charged to them.
- Bank of China committed to refund fees charged to a small number of low-income customers since July 2019 (including an interest component).



## Improving customer access to low-fee accounts

#### Migrating customers to low-fee accounts

In the Better banking report (REP 785) we said that:

All banks should review, monitor and continuously improve the effectiveness of their processes for migrating low-income customers to low-fee accounts. Banks should reduce customer burden and ensure appropriate account distribution to low-income customers

Better and beyond – since REP 785:

Three of the four participating banks migrated over 815,000 customers to low-fee accounts. Three additional ABA member banks committed to migrating over 7,700 customers.

The Better banking report (REP 785) identified that the participating banks had arduous and ineffective approaches to customer account migration. This was primarily due to reliance on optin migration campaigns that had average conversion rates as low as 0.5%. We recommended banks consider more effective approaches, including opt-out migration campaigns.

#### Participating banks go beyond

Since the publication of REP 785, three participating banks have successfully migrated large numbers of low-income customers to low-fee accounts:

- Westpac migrated 460,000 low-income customers to low-fee accounts via opt-out migration and monitored responses to this process. The response was overwhelmingly positive, with less than 1% of customers who were migrated providing any negative feedback.
- ANZ switched to an opt-out migration campaign and migrated 226,510 customers to a low-fee account (an over 99.8% success rate). This occurred after ANZ assessed the effectiveness of an 'enhanced opt-in' campaign (directly contacting customers, including by SMS). The result of that campaign was a modest 0.8% increase from ANZ's prior opt-in campaign. In June 2025, ANZ migrated a further 105,086 customers and intends to migrate an additional 104,000 accounts. Importantly, ANZ is also working to remove existing formal overdrafts from relevant accounts so they can be migrated to a low-fee account it has already closed overdraft facilities for 124,278 customers.
- Bendigo Bank used a combination of a targeted opt-in and opt-out migration campaigns to migrate over 24,000 customers to low-fee accounts. The opt-in campaign had a 10.8% success rate, the opt-out campaign had a 90.2% success rate.

As reflected in REP 785, CBA was planning to launch a new nominal fee account. CBA has completed work on this new account, but says that the launch and timing to migrate customers to the account is dependent on the outcome of the ACCC authorisation: see Appendix 2. This new account will charge a nominal monthly account-keeping fee. CBA will have discretion to permit overdraws without dishonour or overdraw fees, but will charge interest on any overdrawn amount. CBA has indicated that customers over the age of 18 years who receive Government concession payments, hold a concession card or are registered with CBA's Indigenous Customer Assistance Line (ICAL) will be eligible for the account. The new account will be distinct from CBA's



existing low-fee account, as the new product will charge nominal fees – and thus not meet the definition of a 'basic' low-fee account under the Banking Code.

CBA has identified approximately 1.5 million high-fee accounts held by low-income customers that it intends to migrate to its new nominal fee account, subject to the outcome of the ACCC authorisation. CBA has said that if the ACCC does not make a determination before 31 July 2025, it will temporarily pause overdraw, monthly account-keeping, assisted withdrawal and dishonour fees for eligible concession customers who would otherwise have been migrated to the new account. The temporary fee pause will take effect from 1 August 2025.

As outlined in REP 785, Bankwest removed fees from its high-fee accounts, converting two products to low-fee accounts.

#### Other ABA member banks improved migration methods

Other ABA member banks also took steps to review their methods for migrating customers to low-fee accounts following the *Better banking* report (<u>REP 785</u>):

- Suncorp Bank has implemented an opt-out migration, moving 7,260 customers to a low-fee account in May and June 2025. It will continue to conduct an equivalent opt-out migration on a semi-annual basis.
- MyState Bank switched 495 customers to its low-fee account by September 2024. For customers whose accounts had special features, MyState identified those customers charged higher fees. It then contacted them to understand their banking needs and discuss alternative solutions that reduced their fees while still retaining their account features.
- BOQ removed overdraw and dishonour fees from its legacy products. BOQ will commence planning in 2026 to migrate eligible customers to a low-fee account on its new digital bank.
- Bank of China commenced an opt-out migration process for low-income customers in highfee accounts to move to a low-fee account.
- Bank of Sydney will provide customers with an option to take up a new low-fee account after it is established in March 2026.
- AMP launched two additional basic account products on 7 February 2025 via its digital banking platform.

#### COBA banks are improving their migration processes

Three COBA banks are changing their processes for migrating customers to available low-fee accounts:

- > Great Southern Bank committed to identify and migrate low-income customers to a low-fee account on an opt-out basis.
- Police Bank committed to a semi-annual proactive opt-in campaign for low-income customers.
- Beyond Bank will commence opt-in migration for customers paying more than an average of \$5 in fees each month.



#### Improving access to low-fee accounts

In the Better banking report (REP 785) we said that:

The broader banking industry should review and improve the promotion and distribution of high-fee and low-fee accounts. This includes considering TMDs and the distribution of account features with specific fees that could cause fee harm to low-income customers. Banks should use information that is readily available and not impose unnecessary burdens, like requiring low-income customers to show a concession card.

Better and beyond – since REP 785:

Nine banks have removed barriers to accessing a low-fee account. For example, they have removed fees, simplified application processes and proactively identified customers eligible for a low-fee account.

Participating banks previously made improvements to processes aimed at ensuring low-income customers have access to low-fee accounts – see the *Better banking* report (<u>REP 785</u>).

#### Other ABA member banks improved access to low-fee accounts

We have also monitored banks' actions to improve accessibility of low-fee accounts. Examples of action taken include the following:

- MyState Bank removed its requirement for customers to show a concession card to obtain a low-fee account, and made it their policy to allow customers to keep a low-fee account even if they no longer hold a concession card.
- BOQ launched Bank@Post services for customers.
- Bank of Sydney plans to launch a new everyday basic account, as well as upgrading its core banking system, by March 2026.
- Bank Australia is reviewing the requirement for concession holders to show a concession card to obtain a low-fee account. It removed dishonour fees and overdraw fees (in July 2024 and July 2025, respectively).
- Rabobank updated its internal phone scripts to help staff inform low-income customers, including First Nations customers, about their low-fee account.
- AMP committed to removing the requirement for a written request by customers to opt into a low-fee account.

#### COBA banks improved their eligibility processes for low-fee accounts

Two COBA banks committed to improve eligibility processes for low-fee accounts:

- Beyond Bank will remove a requirement for customers to register for internet banking and receive electronic account statements as part of registering for low-fee accounts.
- Police Bank will broaden eligibility for its low-fee account so that customers receiving Government concession payments are eligible for the product (without needing to show a concession card).



# Providing specialist services for First Nations customers

In the Better banking report (REP 785) we said:

We expect all banks across the industry to ensure appropriate and adequate promotion and resourcing of specialist First Nations services. This will require banks to know which of their customers are engaging with these services or could benefit from engaging with these services. Banks also need to commit to continual reflection and improvement of their First Nations services to ensure they remain fit for purpose.

Better and beyond – since REP 785:

Several banks developed new initiatives to understand their First Nations customers. Nine banks are collecting or considering collecting data from customers on whether they identify as First Nations peoples so they can offer or consider offering tailored services and initiatives.

#### Industry codes include commitments to First Nations peoples

Both ABA member banks and COBA banks operate under industry association codes that include commitments to accessible and inclusive service provision, specifically for First Nations peoples.

The ABA recognises the disparities between the experiences of First Nations peoples and other Australians in many areas, including economic security and financial inclusion. ABA member banks have committed to providing inclusive and accessible banking services to Aboriginal and/or Torres Strait Islander peoples, including those in remote locations, since 2007.

The Banking Code includes obligations to:

- provide inclusive banking services for Indigenous Australians (including in remote locations)
   (clause 45)
- take reasonable steps to provide accessible banking services to customers who have identified as Aboriginal or Torres Strait Islander people. These steps include telling those customers about relevant accounts and services, and helping those customers meet identification requirements by following the Australian Transaction Reports and Analysis Centre (AUSTRAC) guidelines (clause 48)

Note: See Assisting customers who don't have standard forms of identification on the AUSTRAC website.

- provide cultural awareness training to staff who regularly assist Aboriginal and/or Torres Strait Islander customers (clause 49), and
- help remote customers, including remote Indigenous community members, access and undertake banking services (clause 51).

The COBA Code also contains provisions on providing inclusive and accessible banking services. For example, by taking 'reasonable steps to make our banking services accessible for individual customers in the areas in which we operate, including customers ... [who are] First Nations Peoples' (clause 17).



## Banks are collecting information to better serve their First Nations customers

Nine banks are collecting, or considering collecting, data to identify Aboriginal and/or Torres Strait Islander customers. Banks can use this information, when collected with informed customer consent, to offer or consider offering tailored services to First Nations customers:

- ANZ is continuing development of its 'extra care' flag and committed to training frontline staff to identify if a customer requires more assistance. This could include First Nations customers in a remote location or people who need an interpreter.
- Bank of Sydney and Bank of China have processes that ask if customers identify as Aboriginal and/or Torres Strait Islander as a matter of standard procedure.
- CBA (including Bankwest) currently have an indicator to identify that a customer is being assisted by the ICAL team.
- Rabobank developed a new 'extra care procedure' for customers who may be vulnerable, including to help customers who volunteer that they are 'Aboriginal and Torres Strait Islander'.
- Westpac commenced a project in 2024 seeking feedback from First Nations people about the collection of Indigenous status data. Westpac expects to receive the findings in February 2026 and will use them to inform decisions around collecting this information.
- Suncorp Bank records a customer's Indigenous status when it may contribute to a known vulnerability. Following the acquisition of Suncorp Bank by ANZ in 2024, it also plans to continue to liaise with ANZ teams on opportunities to align with relevant actions in response to ASIC's findings.
- NG Bank records a customer's Indigenous status when the customer voluntarily discloses it. First Nations customers with a known vulnerability may receive tailored support through a specialised care team.
- Macquarie Bank records customers who self-identify as Aboriginal and/or Torres Strait Islander by using a 'First Nations' flag to offer more tailored service.

#### Banks are providing specialised services for First Nations customers

The Better banking report (REP 785) discussed First Nations call lines offered by Westpac, ANZ and CBA (including Bankwest). As a result of ASIC's monitoring since the publication of REP 785, four other banks have taken more significant action towards establishing dedicated First Nations service initiatives.

- National Australia Bank has a dedicated Indigenous customer service line with an interpreter service. Interpreters are available for 13 Indigenous languages (number of languages is dependent on interpreter availability). The bank is looking to increase the number of interpreters available to First Nations people, and aims to offer translation for 25 Indigenous languages by December 2026.
- Rabobank developed services for First Nations customers, including a dedicated team to assess risks to vulnerable customers. Rabobank has also committed to create training for staff and information for First Nations people (to be on Rabobank's website by December 2025).



Bank Australia is establishing a First Nations leadership group whose terms of reference will include providing advice on connecting with and supporting First Nations customers.

As reported in REP 785, Bendigo Bank will establish a dedicated First Nations call line. This will be implemented in the 2025–26 financial year.

Five ABA member banks have not yet taken firm steps to establish specialist First Nations services:

- Bank of China does not intend to establish a dedicated First Nations service channel, given that most of its customers are of Chinese background.
- MyState identified around 250 First Nations customers, based on a review of using the REP 785 methodology, but does not have specialised services for these customers.
- AMP's Customer Advocate investigated ways to better support First Nations customers, including by updating its website and considering dedicated services for these customers.
- Bank of Sydney does not currently have a dedicated First Nations service channel, but will attempt to source an internal member to act as a first point of contact.
- BOQ does not have a dedicated First Nations service channel but will continue to review its services to assist and support First Nations customers.

#### COBA banks with dedicated services for First Nations customers

Some COBA banks have dedicated services for First Nations customers. Of the six COBA banks engaged in our follow-up work, five have initiatives aimed at serving their First Nations customers.

- Traditional Credit Union (TCU) has a unique service delivery model, including providing banking products and services to First Nations customers in remote communities in the Northern Territory. TCU has committed to reviewing the design and distribution of transaction account products, including account features and fees, and other product offerings.
- Great Southern Bank has an isolated area identification form, which it uses to assist people in remote areas.
- Summerland Bank uses alternative identification processes, and has added the honorifics 'Uncle' and 'Aunty' in its core banking system.
- Police Bank will update its membership application form to include a question about whether or not customers identify as Aboriginal and/or Torres Strait Islander.
- > Teachers Mutual Bank reviewed its policies to assess how they can improve access for First Nations customers. They have committed to establishing a reconciliation working group, sponsored by its executive, and to engage a First Nations owned organisation to assist with this.



## **Appendix 1: Methodology**

#### Methodology

We wrote to participating banks seeking updates on commitments outlined in the *Better banking* report (REP 785) and information on how they intended to respond to the actions sought in REP 785. We were specifically interested in their response for low-income customers nationwide (outside the REP 785 cohort).

We also reviewed transaction account offerings across the ABA member banks and COBA banks. We identified banks that provided both high-fee accounts (which included dishonour, overdraw and account-keeping fees) and alternative low-fee account options. Those identified for engagement are outlined below. We sought information from identified banks on how they intended to respond to the recommendation in REP 785 for low-income customers nationwide, including data to support their analysis and actions.

#### **ABA** member banks

We included eight ABA member banks that offer both high-fee and low-fee accounts:

- Bank of China
- AMP
- Bank of Sydney
- ) Bank Australia
- MyState Bank
- ) BOQ
- Suncorp Bank, and
- ) Rabobank.

#### **COBA** member banks

We also engaged six COBA banks that offered both low-fee and high-fee accounts:

- > The Traditional Credit Union
- Police Bank
- > Teachers Mutual Bank\*

Note: See note on Teachers Mutual Bank on page 20.

- Summerland Bank
- Beyond Bank, and
- Great Southern Bank.

#### **Excluded banks**

Some ABA member banks do not charge dishonour, account-keeping or overdraw fees on transaction accounts and continue to offer all customers low-fee accounts:

- Macquarie Bank ceased these fees on its transactions savings account in 2018.
- National Australia Bank has not charged these fees since 2014.
- > ING Bank has not charged these fees since 2020.

As such, we excluded these banks from the majority of our follow-up work.



# Appendix 2: ACCC authorisation for basic bank accounts

While ASIC oversees the behaviour of financial services providers, the ACCC is the national competition, consumer, fair trading and product safety regulator.

#### Authorisation for ABA member banks

In November 2019, the ACCC granted authorisation for ABA member banks to agree on relevant provisions of the Banking Code regarding minimum and special features of basic bank accounts (referred to as 'low-fee accounts' in this report) and customer eligibility for accounts. This authorisation was granted for five years until December 2024.

The ACCC is currently considering the ABA's application for re-authorisation for this conduct. In December 2024, the ACCC granted interim authorisation with conditions to maintain the status quo while it considered the substantive application for re-authorisation.

On 28 March 2025, the ACCC released a draft determination proposing to approve reauthorisation for a further five years to 2030. In its draft determination, the ACCC considered our findings and the actions we sought from banks in the Better banking report (REP 785), as well as submissions by interested parties, including ASIC. In its draft determination, the ACCC proposed conditions on this conduct to ensure the ongoing public benefit and to align with the ultimate purpose (i.e. to facilitate public access to affordable banking products).

Interested parties and the ABA have had an opportunity to respond to the draft determination. The ACCC's final determination on the ABA's application for re-authorisation is expected to be issued in August 2025.

#### Conditions on authorisation

The ACCC specified conditions in the initial 2019 authorisation it granted to the ABA that broadly required:

- > the ABA to report to the ACCC on:
  - informal overdrafts that occur in certain circumstances without customers' agreement
  - any change in the number of banks offering basic bank accounts (referred to as 'low-fee accounts' in this report)
  - steps taken by banks to identify customers eligible for low-fee accounts, and
  - the uptake of these accounts, and
- > ABA member banks to:
  - not charge interest on informal overdrafts, or alternatively to refund any interest charged on informal overdrafts, on low-fee accounts, and
  - take proactive steps to contact customers potentially eligible for basic accounts.



The ABA's reports provided to the ACCC under this authorisation are available on <a href="mailto:the ACCC's">the ACCC's</a> public register.

In its March 2025 draft determination on the ABA's current application for re-authorisation, the ACCC proposed to grant authorisation for a further five years with similar conditions. The ACCC also outlined potential conditions that would require ABA member banks to provide basic accounts for eligible customers on an opt-out basis.

The ACCC's assessment is still underway and it is currently considering the proposed conditions and the form such conditions may take in any final determination.

#### **Authorisation for COBA banks**

In 2022, the ACCC granted authorisation for five years for COBA banks to agree on relevant provisions in the COBA Code regarding low-fee and no-fee transaction accounts for eligible customers. This authorisation will expire in 2027.



## **Appendix 3: Legislative and industry context**

#### Industry code obligations

Both the Banking Code and the COBA Code have provisions relevant to low-income customers and concession card holders.

#### **ABA** member banks

For ABA member banks, the <u>Banking Code</u> acknowledges that customers who receive Government concession payments and qualify for a concession card are entitled to access low-fee accounts. Low-fee accounts are not subject to high fees, as outlined in Part B of the Banking Code.

The Banking Code contains four main obligations for ABA member banks in relation to low-fee accounts. ABA member banks must:

- provide information and raise awareness of their low-fee or no-fee accounts to customers who self-identity as a low-income earner (clauses 55, 60 and 61)
- offer concession card holders who ask for a low-fee account an account that does not have an informal overdraft or dishonour or overdraw fees (clauses 27, 58, 62 and 65)
- tell all self-identifying Indigenous customers about low-fee accounts and help those customers transfer to a low-fee account if they want to (clause 48), and
- train staff to recognise a customer who may qualify for a low-fee account (clause 66).

#### **COBA** banks

The <u>COBA Code</u> has less prescriptive provisions. However, several provisions require COBA banks to:

- take reasonable steps to make banking services accessible for individual customers, including First Nations peoples (clause 17)
- y give customers information about products they offer that may be *more favourable* where they know the customer is on a low income or holds a concession card (clause 21)
- voluntarily offer a low-fee or no-fee transaction account (clause 22), and
- train staff to recognise customers or potential customers who may qualify for a low-fee account. If they offer one and that account becomes overdrawn, to rebate the fee and and/or interest charged to the customer within 30 days (clause 23).

COBA has over 50 customer-owned member banks. COBA banks offer transaction accounts to customers, including low-income earners. However, as customer owned cooperatives, they must strike a balance between the needs of the product's customers and other customers in terms of equity and the ability to provide services for the collective membership. COBA says that this involves:

- balancing the needs of different member groups
- the ability to cross-subsidise across membership, and



the feasibility of covering service costs and the impact of these costs on their ability to compete with larger banks.

Given this context, the majority of COBA banks do not offer low-fee accounts. COBA says that these banks seek to address the needs of low-income customers in various other ways. The COBA banks covered in this report are those who choose to offer a low-fee account, as well as a high-fee account.

Note: Teachers Mutual Bank offers only low-fee accounts or savings accounts (not high-fee transaction accounts).

#### Design and distribution obligations and TMDs

In 2021, the Australian Government introduced requirements into the *Corporations Act 2001* known as the design and distribution obligations. These obligations require providers of financial products to ensure they issue those products to consumers in an appropriate target market and to align product features (such as fees) to the likely needs and objectives of the targeted consumers. Issuers of financial products must also publish a TMD for their products. The TMD must describe the product's target market, key features and how the issuer will monitor the distribution of the product. The application of design and distribution obligations is relevant to banks' high-fee and low-fee accounts.



## Key terms and related information

## **Key terms**

ABA	Australian Banking Association
ABSTUDY customers	Banking customers who receive ABSTUDY payments.  ABSTUDY is a group of payments for Aboriginal or  Torres Strait Islander students or apprentices
ACCC	Australian Competition and Consumer Commission
ANZ	Australia and New Zealand Banking Group Limited
AUSTRAC	Australian Transaction Reports and Analysis Centre
Banking Code	The ABA's Banking Code of Practice to which banks subscribe
Bendigo Bank	Bendigo and Adelaide Bank
BOQ	Bank of Queensland
СВА	Commonwealth Bank of Australia
COBA	Customer Owned Banking Association
COBA Code	Customer Owned Banking Code of Practice 2022
concession card	Australian Government issued Commonwealth Seniors Health Card, Health Care Card or Pensioner Concession Card
design and distribution obligations	The obligations in Pt 7.8A of the Corporations Act
high-fee account	Any transaction account that attracts account- keeping, dishonour and overdraw fees
ICAL	CBA's Indigenous Customer Assistance Line
low-fee account	An account that meets the criteria for a basic, low or no fee account as set out in paragraphs 44B and 47 of the 2021 version of the Banking Code – that is, an account that has no account-keeping fees, free periodic statements, no minimum deposits, free direct debit facilities, access to a debit card at no extra cost, and free and unlimited transactions within Australia



low-income customers	Banking customers who receive government payments and are eligible for a concession card. The criteria for holding these cards include:
	<ul> <li>being a resident in Australia</li> <li>meeting paid employment limits, and</li> <li>receiving payments including the following:         <ul> <li>Carer Payment, JobSeeker Payment, Special Benefit, Youth Allowance, Austudy, ABSTUDY, Living Allowance, Parenting Payment (partnered), Farm Household Allowance, Age Pension, Disability Support Pension, Parenting Payment (single), Department of Veterans' Affairs Service Pension</li> </ul> </li> </ul>
participating banks	Banks participating in the REP 785 project, namely:  ANZ  Bendigo Bank  CBA, including Bankwest, and  Westpac, including St.George, BankSA and Bank of Melbourne
REP 785 cohort	Customers of the participating banks who lived in the Indigenous pilot locations or received ABSTUDY payments between 1 November 2021 and 24 November 2022 and customers (where identifiable) who interacted with a participating bank's specialist Indigenous service channels such as an Indigenous call line
target market determination (TMD)	Has the meaning given in s994B of the Corporations Act
Westpac	Westpac Banking Corporation, including St.George, BankSA and Bank of Melbourne



#### **Related information**

#### **Headnotes**

Banking Code, COBA Code, design and distribution obligations, dishonour fees, fee harm, First Nations consumers, high-fee account, low-fee account, low-income customers, overdraw fees, target market determination

#### Legislation

Corporations Act 2001, Pt 7.8A

#### **ASIC** documents

ASIC's Reconciliation Action Plan 2023–26

REP 785 Better banking for Indigenous consumers

RG 277 Consumer remediation

RG 274 Product design and distribution obligations

