

Senior Manager, Behavioural Research and Policy Unit
Australian Securities and Investments Commission
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Sydney NSW 2000

By email: IDRdata@asic.gov.au

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Dear Senior Manager

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

We are supportive of ASIC's work on improving the internal dispute resolution (IDR) framework, and appreciate the opportunity to provide further comments regarding the draft data reporting approach, as well as in relation to the draft data dictionary. Our responses to the questions raised in the abovementioned attachment are provided below.

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

We remain concerned with the implementation of ASIC's proposed data collection program. Given the expansion of the definition of what is a 'complaint' to include expressions of dissatisfaction made 'to or about' an organisation, capturing complaints made on social media, and the need to record all complaints, including those resolved within 5 business days, this drastically increases a firm's recording requirements in any given quarter. The significant majority of the expressions of dissatisfaction are resolved within 5 business days, and are not recorded in the manner proposed by ASIC.

As stated in RG 271.12:

Consumer and small business access to fair, timely and effective dispute resolution is an essential part of the financial services consumer protection framework. It is consistent with ASIC's function of promoting consumer protection in the Australian financial system.

We believe that if a client makes a complaint (particularly over the phone or via live chat where a response is instantaneous) and the firm is able to resolve this complaint on the spot or within a short period of time to the client's complete satisfaction, the firm will have satisfied the abovementioned objective. The proposed data dictionary makes sense when dealing with a material complaint that cannot be resolved instantly. However, we are of the view that it is overly burdensome for front line staff to record and report, to the full extent required by the proposed data dictionary complaints that can be resolved immediately. We believe it is unnecessary to spend more time creating records to document complaints than the time taken to resolve it.

We note that in Attachment 1, ASIC states that two of the reasons for not retaining the status quo is because it results in reduced transparency, as the data reported to ASIC would only be a subset of the true number of complaints, and it would result in some complaints remaining unrecorded. We understand ASIC's concerns, however we do not believe that all expressions of dissatisfaction should be categorised as complaints. For example, a client may call a firm to express dissatisfaction with a fee incurred. Where the firm can explain the fee to the client's complete satisfaction during the same interaction, we do not consider that such an interaction should be categorised as a genuine complaint, subject to the full proposed reporting requirements.

IG does not currently have the reporting capabilities required to implement ASIC's data dictionary proposals. The cost to implement such reporting capabilities is not insignificant, at a time when the industry is inundated with regulatory changes due for implementation over the coming 10 months, including: ASIC Corporations (Product Intervention Order—Contracts for Difference) Instrument 2020/986; Breach Reporting Regime; Design and Distribution Obligations; and amended Derivative Transaction Reporting Rules.

We query whether the benefits of obtaining such data for complaints resolved within 5 business days outweighs the costs incurred by financial firms in order to comply with the requirements. We would appreciate if ASIC could consider reducing the number of fields required to report for complaints resolved within 5 business days.

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?

We would prefer to submit complaints data 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?

We are of the view that in-cell lists are 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?

Our concern does not lie with the frequency of reporting, rather with the extensive amount of data that needs to be collected and reported, particularly for complaints resolved immediately or within 5 business days. We have outlined our concerns with this approach in our response to question 1.

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?

We do not have concerns with the nature of the data element proposed, as we believe the collection of such data will provide valuable information for financial firms and consumers.

6. When we publish 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 size and scale of the business will likely produce different results. For example, the larger the size of a firm's operations, the larger the number of complaints raised against the firm will likely be. We do not believe that publishing all fields contained within the data dictionary at a firm level will provide the public with a balanced view of the data presented. We particularly remain concerned with ASIC publishing data about monetary compensation provided to clients. If a firm is named as providing numerous financial payments to settle complaints, then firms may be reluctant to settle complaints at the IDR stage, or other clients may be encouraged to lodge false claims in the hope of receiving similar compensation. We strongly recommend that ASIC refrain from publishing data relating to the monetary compensation paid to complainants.

If you have any questions or would like to discuss our comments further, please do not hesitate to contact me.

Yours sincerely

Melissa Le Fevre
Compliance Manager
IG Markets Limited