

**1<sup>ST</sup> July 2024**

Ivan Powell  
Committee Secretary  
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Senate Corporations and Financial Services Committee

**RE: Inquiry into the financial services regulatory framework in relation to financial abuse**

### **Introduction**

Transport Mutual Credit Union is pleased to respond to the inquiry into the financial services regulatory framework in relation to financial abuse.

As a member owned Credit Union with deep ties to its community, we believe financial institutions such as ours can drive awareness, education and advocacy with our members and the wider industry on this important issue.

As a responsible and caring financial institution that always seeks to act in the best interest of members, we see financial abuse as something that needs education and early detection, in many ways not unlike concerted efforts to alert Australians about scams and fraudulent activity.

### **About Transport Mutual Credit Union**

Transport Mutual Credit Union began in 1964, as Main Roads Staff Credit Union, with its original purpose to support the financial needs of staff of the then NSW Department of Main Roads and their families.

Today Transport Mutual Credit Union has grown to be home to more than 5,900 Members and has more than \$110 million in assets.

It offers financial products and services with appeal to Members across the broader transport industry.

We maintain very close ties with our core membership – staff, business partners and contractors from the wider Transport for NSW group including Service NSW, RailCorp, Sydney Buses and Sydney Ferries, as well as their respective friends and families. We now also welcome Members from all other employment backgrounds and communities including those employed in the private transport and community transport sector.

As a sustainable and strong Credit Union with a rich history in transport, we see a real movement to do things better and differently to support a sustainable world.

Our [GreenRoad](#) initiative is a green loan for electric or hybrid vehicles, and the means to sustainably power them. We are now also financing bicycles including e-bikes as well as solar panel systems and installation and battery storage units and installation.

This has received really encouraging uptake from our members, and industry recognition.

Further background information of benefit to the committee is available via our [Annual Financial and Sustainability report 2023](#)

### **Key Questions from the Committee**

The Parliamentary Joint Committee on Corporations and Financial Services has requested responses to three questions which are outlined below:

- 1. What specific policies, systems, processes or other safeguards does your business have in place to identify, respond to and report suspected financial abuse occurring to your customers?*

Transport Mutual Credit Union is an authorised deposit taking institution (ADI) and like listed banks it is regulated by APRA. As a member owned entity, our members are our shareholders. This substantial difference to the listed model means in simple terms that our members are our number one and only focus. As such we seek to work with our members and support their financial goals and aspirations. This focus on members is something we take extremely seriously. This includes having safeguards in place to deal with or prevent/address poor conduct and protect member interests, including around financial abuse.

Transport Mutual Credit Union is a subscriber to the Customer Owned Banking Code of Practice (COBCOP). The code specifically includes vulnerability provisions which specifically reference domestic violence, elder abuse and financial abuse.

Given the seriousness of, and sadly, rise in these issues in society, Transport Mutual Credit Union has recently reviewed its own education and training and policy and procedures. As a result, a new policy and procedures document has been produced and ratified by the Board, with clear guidance for all levels of staff in the event of financial abuse either being a risk, a likelihood or occurrence. A copy of this policy is available [here](#). Both the internal policy and procedures document and the industry code inform our attitudes to member outcomes and best practice.

- 2. What is the extent of suspected financial abuse identified by any such measures in place?*

We are a member owned organisation that has a very close relationship with our members (our customers). But we, like other financial institutions, are not to be immune from the risk of financial abuse being perpetrated on or by a member.

In our experience this is rare. We have identified two cases with financial / elder abuse characteristics.

When a case of financial abuse occurs, we immediately follow an escalated response that has both speed and efficiency to urgently investigate, analyse and provide care to our member. This in many ways is not dissimilar to the way we conduct ourselves as a responsible financial institution when new scam and fraud threats emerge in the community. We educate our wider membership and staff, inform industry and regulators as appropriate, review and strengthen our systems and work with impacted members to support them in often very distressing and deeply challenging circumstances.

*3. What is the impact of the shift of financial products to online platforms on the prevalence of, and ability of your business to identify, respond to and report, suspected financial abuse?*

There is no doubt that digital banking is here to stay. We only need look to see the growth of payments, the reduction in the use of cash, and the take up of new technology during the COVID-19 pandemic to provide a snapshot of the speed of change.

Transport Mutual Credit Union offers its members to access their accounts in a variety of ways. There is a strong shift towards online. Because we are member-owned, our ethos is to be at the forefront of delivering what members want. So, it doesn't matter so much whether transactions are done online, over the phone or in-person, it is the way we respond to that and the safeguards we have in place that is key.

We regularly participate in industry awareness initiatives to ensure our members are aware of key issues that could impact on them, including financial abuse. There is no doubt that the shift online has made money available at the touch of a button, on a device of your choice, which does pose challenges for any entity, not just financial institutions.

But in our view, there isn't a regulatory magic wand. We are happy to work with industry and regulators on ways we can increase our collective vigilance to combat this insidious conduct. We do however seek to ensure that any additional regulatory burden is relevant to the size of the organisation and avoids one-size-fits all solutions that may lessen a smaller entity's ability to run its business competitively.

Once again, Transport Mutual Credit Union thanks the Committee for the opportunity to add its perspective to this important issue.

Please don't hesitate to get in touch with any questions.

I can be contacted via email [REDACTED] or by phone on [REDACTED].

**Yours Sincerely**

[REDACTED]  
**John Kavalieros**  
**CEO Transport Mutual Credit Union**