



Tuesday 3rd July 2024

HSBC Bank Australia Limited Submission: Financial Services Regulatory Framework in Relation to Financial Abuse Inquiry

HSBC Bank Australia Limited appreciates this opportunity to provide the Committee with an explanation of its approach to financial abuse affecting our customers. We take combatting financial abuse seriously and have put in place a number of controls and safeguards to assist our customers. We have set out our responses to your specific questions 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?

As a member of the ABA and subscriber to the Banking Code of Practice, HSBC Australia adheres to the two ABA industry guidelines relating to financial abuse:

- Preventing and Responding to Financial Abuse; and
- Preventing and Responding to Family and Domestic Violence.

Our approach includes:

- Specific training on financial abuse to:
 - Our frontline teams.
 - Customer Relations.
 - Collections and Hardship teams.
 - Customer Advocacy teams.
- A dedicated Hardship team to support and refer customers who experience a range of hardship issues.
- A dedicated “Extra Care Team” that manages and supports customers experiencing financial abuse. Support can include exploring:
 - Setting up a new transaction account;
 - Changing passwords and PINs;

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- Changing contact details;
 - Looking at how joint accounts work, for example who can authorise a change or a withdrawal;
 - If a customer is experiencing financial hardship as a result of their situation, the Extra Care team may refer the Customer to our Hardship team who can provide additional support, including emergency payments; and
 - Where appropriate, providing information to customers on external agencies who specialise in supporting people experiencing financial abuse. This can include escalation to the police.
- A referral process for our frontline staff who become aware of or suspect a customer is being financially abused.
 - Our terms and conditions set out an “Acceptable Use Policy” which makes it clear that the Bank’s products, accounts and online banking services are not to be used in a way that harms others or to perpetrate financial abuse. This is complemented by our prohibitions on unreasonable behaviour against other customers and our staff, as well as processes we have implemented to identify where abuse is undertaken through digital platforms.
 - The Bank is working with Thriving Communities Australia to become a participant in the One Stop One Story (OSOS) HUB, which allows us to connect to parties such as other financial institutions, telecommunications providers and electricity providers to ensure a customer does not have to repeat their story (which requires them to relive their trauma).

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

The extent of financial abuse that we see covers a number of different scenarios and types of coercive control. Examples include, but are not limited to:

- Perpetrator refusing to pay a home loan, resulting in a request for hardship assistance from the victim;
- Perpetrator controlling funds so that the victim is unable to pay for basic needs;
- Victim requesting assistance in protecting joint funds in accounts while going through separation;
- Victims disclosing that they were coerced or pressured to take out a credit facility and have incurred a debt they did not benefit from;
- Elder abuse and coercion from family members;
- Abuse from someone who has third party authority such as a power of attorney;
- Victims requesting Bank communication amendments and servicing requests;
- Victims requiring assistance with verification via an exceptional process; and
- Victims notifying the Bank that there is a restraining order in place.

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?

Customers use a variety of channels when transacting and HSBC has put in place identity and verification tools for each of those channels as required by law. In addition, each of the channels contains escalation processes to the Extra Care Team for identified financial abuse.

The shift towards online platforms means we have to be aware of new ways in which financial abuse can be carried out. For example, payment messages now have an enhanced freeform descriptor field, which can be populated to include a payments reference. These payment messages have a potential of being misused for offensive and/or abusive content. HSBC has put in place a process to monitor and track the payment messages for potential offence and/or abusive content.