

3 July 2024

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
Canberra ACT 2600

Sent via email: corporations.joint@aph.gov.au

Dear Committee,

We thank you for the opportunity to contribute to the Parliamentary Joint Committee on Corporations and Financial Services' inquiry into the Financial Services Regulatory Framework in relation to Financial Abuse.

Bendigo and Adelaide Bank (Bank) welcomes the Committee's work on this important issue. Our Bank's purpose is to feed into the prosperity of people and communities. We know financial abuse is a serious and insidious issue that can have a devastating impact on people's lives. We recognise our Bank, and all banks, play an important role in combatting financial abuse.

Domestic and family violence is a whole of community issue and requires wrap around interventions to help support victim-survivors and prevent abuse from occurring in the first place. Our Bank plays a crucial role in identifying financial abuse and supporting those impacted in their immediate and ongoing recovery.

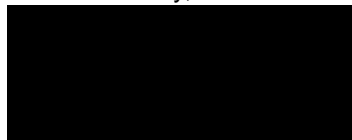
We are making progress in addressing this issue, but we know there is more we need to do. We are dedicated to implementing the necessary and important changes that can help to reduce financial abuse and better assist those impacted by it.

Our Bank remains committed to working with cross-industry groups, which includes banks, law enforcement, credit companies, legal services and consumer groups to identify and implement further initiatives to recognise and prevent instances of financial abuse and support victim-survivors to financial independence.

We have already provided a significant contribution to the Australian Banking Association's (ABA) submission to this inquiry and agree with the recommendations put forward. Consequently, this submission focuses on the three questions provided to the Bank on 18 June 2024, and our response includes our primary brands Bendigo Bank and Up. Our Bank also looks forward to the opportunity to engage directly with the Committee at its hearing in Melbourne on 8 July 2024.

For background, our Bank is one of Australia's largest banks, with around 8,000 employees supporting more than 2.5 million customers to achieve their financial goals, online and in person at our 427 branches across Australia. We are an ASX top 100 listed company, with assets under management of more than \$90 billion and a market capitalisation of approximately \$6 billion.

Yours sincerely,



Richard Fennell
Chief Customer Officer

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?*

One of the greatest strengths of our Bank is its ability to connect with customers in communities across Australia. These face-to-face interactions help build trusted relationships with the customers we serve. Bendigo Bank operates Australia's fourth largest branch network, with about half of these branches in rural and regional Australia.

Customers have embraced digital banking, and we are investing accordingly as evidenced through Up and enhancements to the Bendigo Bank online offering. However, we also recognise in tough times our customers want and need to speak to us – be it in person, on the phone or online. Often it is through these interactions financial abuse is detected or raised with us.

People and their prosperity matter to our Bank. That's why we ensure our staff are well-trained and supported to help our customers, especially those who are vulnerable, experiencing hardship or other crisis like financial abuse. We do our utmost to ensure the products and services we offer minimise harm, and that our processes and procedures support positive experiences for our customers. We also seek to address issues like financial abuse through community partnerships and programs that provide help to those who need it.

The following outlines changes we have already implemented to combat financial abuse and the ways we are acting to assist those impacted by it. Our Bank has made progress in addressing this issue. However, we acknowledge there is more we need to do and are firmly committed to make the necessary improvements required as we play our role in eliminating financial abuse.

Identifying and responding to financial abuse

Our Bank has the Vulnerable Customer Policy and Financial Abuse Policy. We are currently reviewing both policies and will be supplementing them with guidance documents to better support specific customer circumstances (including financial abuse). This will help drive better outcomes and ensure our staff are more empowered to deliver appropriate and tailored support for an individual customer's circumstances.

Our frontline staff are trained to look for indicators of vulnerability (including financial abuse) and flag these vulnerabilities in internal systems. The flag alerts a specialist team in the Bank and they work proactively with frontline staff to determine the best next steps and ongoing support for the customer. The flag also ensures future interactions with Bank staff are well-informed as the staff member is alerted to the individual needs of the customer and the customer does not have to re-tell their personal story. Further, this system allows staff to set reminders to monitor accounts and customers, to determine if further support is required.

Customers can also self-report their vulnerabilities either in person at one of our branches nationwide or via an online form on our website. The Bank's other contact points offer over-the-phone assistance and include our Customer Contact Centre, Financial Awareness Support Team (FAST), or Mortgage Help Centre. Staff in the Mortgage Help Centre help customers seeking financial difficulty assistance, and work with customers to determine appropriate measures to aid them in managing hardship.

Our Bank has made a range of immediate and long-term support options available to customers who are experiencing, or who are victim-survivors of, financial abuse. This includes hardship support, deferred loan repayments, as well as setting up new accounts and payment details even if customers do not have access to identification. Our support team can also make referrals to third-party support services, such as Ask Izzy, National Debt Helpline, 1800RESPECT and Escabags.

Specialist care for our vulnerable customers

In 2018, our Bank established a specialist team, called FAST to support vulnerable customers. This team takes a trauma-informed approach and exists to ensure vulnerable customers receive the right support to establish or re-establish financial independence. In addition to providing coordination

support within the Bank, the team provides ongoing support to the customer by linking them to other services such as emergency accommodation providers and financial counsellors.

The team apply thoughtful and considered practices, such as minimising the information a customer is required to provide to ensure their vulnerability is not exacerbated. The team recognises each customer's situation is unique and assesses required support on a case-by-case basis. Our specialists work with and provide guidance to frontline staff on how to best support at-risk customers. They also put extra measures in place to ensure an at-risk customer's accounts are secure and their money is being used the way they intended.

Case study 1: Staff at the front line

Max is in his 80s and receives fortnightly payments from Centrelink. Our branch staff noticed most of this was being withdrawn, and there were not enough funds left to cover his monthly Aged Care direct debit.

Further investigation showed excessive online transfers to his son's individual account, which was being used for PayPal, liquor stores and fast-food transactions. Although Max's son was his Power of Attorney, these purchases did not appear to benefit to Max.

Noticing the red flags, branch staff contacted FAST for specialist guidance. They worked together to investigate and take steps to protect Max from financial abuse.

Digital by design, human when it matters

Our Bank recognises the design of banking products and services can contribute to minimising potential harm to customers, especially for victim-survivors of financial abuse. We take careful consideration when designing and re-designing our Bank's products, services and systems to ensure safety is at the forefront and the risk of weaponisation is minimised.

Our Customer Advocate Team also provides input into the product design process to ensure consideration is given to areas such as accessibility and product safety, to minimise the risk of financial abuse.

Detection and action

Bendigo Bank monitors accounts to detect potential abuse, and track and investigate possible abusive transaction descriptions. Up uses an automated system to monitor incoming transactions. The system alerts the support team to repeated low-value, unrequited payments to the same customer. These payments are reviewed, and proactive support is offered to recipients of abuse. Appropriate actions are taken against perpetrators who bank with us, including account suspension or cancellation. In addition to active monitoring, Up customers are empowered with tools to block or mute payments from specific contacts discreetly.

These features were designed in consultation with FAST as well as community organisations, 1800 RESPECT and Our Watch. Understanding a significant proportion of abuse goes unreported, these tools empower customers to proactively protect themselves from abuse or harassment. This also includes the ability to put customer accounts into safe mode which disables features that allow finding phone contacts who have an Up account, ensuring discreet account creation. Up can also restrict searches so a sender needs both a PayID and mobile number to make a payment.

Through Up's automated payment description monitoring system, more than 14,000 payments have been reviewed, with support offered to over 600 customers where abuse was suspected. Up has also sent more than 800 warnings and closed the accounts of over 100 people who have used our service to send abusive and threatening messages. A further 6,439 Up customers have used our blocking feature and 355 have used our muting feature.

Case study 2: Addressing abusive financial transactions

Anna is in her 20s and has been banking with Up for four years. Recently, payments were sent to Anna from a customer of another bank. These were flagged for review via Up's payment monitoring process. The payments were all low value (under \$10), some were unreciprocated and they contained longer than usual payment descriptions.

Up's specialist support team reviewed these payments the following day and confirmed the descriptions were being used to send harassing messages. Our team reviewed Anna's existing chats with Up Support to see if they had previously reached out about any harassment or block requests. Upon not finding any, they started a new chat with Anna acknowledging we had detected potentially inappropriate payment descriptions.

As the payments were sent via the New Payments Platform (NPP), there was no way to block the payments, so we offered to redact or mute this contact's payment descriptions historically and automatically from that point onwards. Up's payment muting feature allows customers who still need the ability to receive payments from a contact, but do not want the associated payment description used as a channel for unwanted and or abusive communication.

Cases of this nature usually involve customers who were once in a domestic relationship where one individual continue to remain financially dependent on their former partner. This feature reduces the potential negative impact of these relationships.

Anna was thankful for the proactive support Up offered. Now, instead of seeing messages containing harassment, Anna receives the payments with the words 'message removed'. Anna told us, "Y'all are amazing with how you look after your customers it's little things like this that make us love Up."

Customer Advocate

In May 2024, our Bank re-structured its Customer Advocate Office to create a stand-alone advocacy function. This signals a step forward in our organisation's maturity and ensures we have a dedicated team committed to being an independent voice for customers within the Bank.

The Customer Advocate is focussed on identifying opportunities to improve the Bank's products, services and processes. They serve to help us make customer-centric decisions using data, insights and different perspectives.

Their mandate is to represent our customers and communities, make sure they are all heard and understood – with a particular focus on those who are vulnerable. This focus on vulnerable customers extends to victim-survivors of financial abuse, and our Customer Advocate is a leading influence informing how the Bank shapes its response to this issue moving forward.

Enhanced terms and conditions

In 2021, our Bank updated its terms and conditions. The changes enable the Bank to suspend, cancel, or deny access to products or services if individuals engage in defamatory, harassing, or threatening behaviour. Customers were notified of these changes which reinforce our commitment to creating a safe banking community, with a zero-tolerance approach to abuse or harassment.

Our Financial Inclusion Action Plan (FIAP) includes initiatives that will reaffirm the Bank's zero-tolerance policy approach to financial abuse by defining 'Unacceptable Account Conduct'. This will explicitly outline the Bank's ability to suspend, cancel or deny individuals access to products or services if we identify people engaging in financial abuse. This update is proposed to occur by December 2024. This has also been committed to as part of the *Respect & Protect Pledge* coordinated by Flequity Ventures.

Training our people to deliver better customer outcomes

Training has been provided to all staff to assist them to identify vulnerable customers, including understanding the warning signs of customers experiencing financial abuse. By year end, we will also be rolling out Trauma Informed Practice training to our frontline teams who work with at-risk customers, enabling better support and ultimately improved outcomes.

We have also committed to improve support for our First Nations customers by providing further cultural awareness and understanding training to staff. This will build cultural competency and ensure our people have the right skills to provide culturally safe assistance to this cohort of customers when they are experiencing financial and cultural abuse.

Support for impacted staff and their families

Our Bank recognises domestic and family violence can impact anyone. We go beyond the National Employment Standards of 10 days paid leave per year by providing additional days of paid leave, as well as any other workplace arrangements necessary for the staff member. This might include change of work days and times, work email address or phone number or even change of work location or role. This is organised on a case-by-case basis, through consultation with the employee, their leader and the Bank's People and Culture team.

Our Bank maintains the highest level of privacy for our employees who are experiencing domestic and family violence. The leave type description does not appear on payslips and any information regarding the employee's circumstances will only be disclosed if required by law or to maintain the safety of the employee or other employees or customers of the Bank.

Further, FAST supports employees by assisting with banking as well as being a liaison with external agencies to help secure financial support, accommodation or other basic needs. Employees and their family can also access free, confidential professional counselling from our employee assistance program (EAP). EAP psychologists can provide support in a range of areas, such as domestic and family violence, financial issues and relationship issues. These counselling services are also available to all staff who may be personally impacted by the circumstances of a customer they are serving and supporting.

Educational resources and community partnerships

We also invest in programs that improve digital and financial literacy. While being financially or digitally literate is not a single mechanism that will protect people from financial abuse, it is able to build competence and confidence when it comes to navigating online experiences, managing money and having important conversations about these things. This can help people recognise financial abuse if they see or experience it.

We support programs that uplift digital literacy and independence for vulnerable or excluded groups and individuals, through partnerships with Victorian Women's Trust and the Good Things Foundation. Through our partnership with the Victorian Women's Trust, the Rural Women Online project has reached over 22,000 rural and regional women, helping them to increase their digital literacy and capacity.

Last year, our Bank launched the Banking Safely Online initiative which enables in person connections between the Bank and its customers to help grow digital capability, confidence and security. Since launching Banking Safely Online in September 2023, we have delivered over 200 sessions to more than 1000 Bendigo Bank customers and the broader community.

Responding to local community needs and aspirations

Our Bank also operates Community Banking which is a social purpose franchise banking model. It sees us share branch banking profits with over 300 Community Bank companies across Australia. These Community Banks work with local communities at a grass roots level to develop or fund bespoke initiatives which meet that community's specific needs or aspirations.

Increasingly the network is choosing to address issues related to family and domestic violence. Our Community Bank partners have provided funding to numerous community organisations that work to protect people who are victim-survivors of domestic and family violence, including those directly impacted by financial abuse.

Case study 3: Partnering to provide practical help

In 2023/24 financial year, some of the Bank's community partners donated to Standby U, which provides people with potentially lifesaving electronic devices known as shields. The shields provide persons at risk with access to immediate support, allowing a close support network to listen, locate the person and organise help, while also recording what is taking place at the push of a button. The wearable technology ensures a safe, timely response from families or emergency services.

Community Bank grants have seen 275 people connected with a shield, and this number will grow as the partnership continues. A shield user told us, "I cannot thank you enough for this. It has given me a sense of safety I haven't felt for such a long time."

Alongside direct financial support, our Community Bank network has partnered with Escabags, a not-for-profit that provides the necessities women and children may need when they are escaping domestic and family violence situations. Escabags can be found in 29 of our Community Bank branches across Australia.

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

Since the establishment of FAST in 2018, we have helped over 27,000 customers. Support for 8,127 of those cases has been directly related to customers who are experiencing, or have experienced financial domestic abuse, financial elder abuse and family or domestic violence – of these cases 6,149 identify as female. An overwhelming majority of cases were identified internally, either by our more than 2,500 branch staff, Customer Contact Centre, Mortgage Help Centre or FAST. Other cases are referred via our website, directly by the customer or through other means such as government departments.

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?

Over recent years, we have seen customer preference move from face-to-face banking to online platforms. At the same time, our understanding of domestic and family violence has improved, resulting in a shift of societal expectations and attitudes towards preventing it. While online products have made banking simpler, quicker and more convenient for customers, it has also meant perpetrators can use online banking features to inflict abuse.

A prominent example of this is the use of abusive language in the payment description field (as evidenced in case study 2). In this instance technology provides a mechanism for abuse in transaction descriptions to occur, while at the same time it enables banks to better detect and then address financial abuse. Through Up, we have the freedom to more quickly implement a range of different features and capabilities and we will look to expand these advancements to deliver benefits to all our customers. We will continue to explore both in-person and technology-driven solutions to identify financial abuse and recognise the important role both play in responding to the issue.

Our Bank understands financial abuse is a complex issue that requires a wraparound response. There is no easy solution or quick fix, and we acknowledge we do not have all the answers yet. In saying that, we remain committed to ensuring our customers are safe when banking online and this includes being safe from financial abuse. We continue to work with industry and consumer groups to drive initiatives that work to prevent instances of abuse on our platforms and support customers who are victims-survivors of financial abuse.

Case study 4: A new approach to joint accounts

In 2021, Up released a product called 2Up. Customers can open a 2Up account with another Up customer, creating a shared account while retaining individual accounts. This ensures financial independence alongside joint financial commitments. Either account holder can close the 2Up account easily, and restrictions can be requested to operate the account only on the instruction of both holders.

Up enables customers to connect or disconnect their shared finances easily. Customers can contribute to shared financial goals or commitments like the payment of bills or saving for a home deposit, while they retain their own personal accounts so they can continue to work towards their individual goals. The product encourages transparency and makes it easy for the linked customers to see the incoming and outgoing funds and helps customers contribute to shared goals and save as a team.

Ash has been an Up customer for five years and told us about her experience with 2Up. She said, "My partner and I didn't have a joint account. The mere phrase 'joint account' sent shivers down my spine. I didn't have a great experience in the past sharing a bank account with someone and money had always been a tense conversation between us.

"I gathered the courage to ask him if he'd be into the idea of trying 2Up and he agreed. At first, we used it for our bills, soon it became a way we could openly discuss money and it has strengthened our relationship when it comes to finances."