

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

By email: corporations.joint@aph.gov.au

Tuesday, 2 July 2024

Dear Committee Secretary,

RE: The financial services regulatory framework in relation to financial abuse

Beyond Bank Australia welcomes the opportunity to respond to the Committee about the financial services regulatory framework in relation to financial abuse.

Beyond Bank is one of Australia's largest customer-owned banks. We serve the needs of more than 310,000 customers across Australia and have just over \$10 billion in assets under management. Our purpose is 'to change the lives of our customers and communities through financial wellbeing'. With a strong commitment to our purpose, we recognise the role that we play, not only for our customers but for the wider communities in which we operate, in responding to the devastating impacts financial abuse has on victims.

In relation to the three questions posed by the Committee in your correspondence dated 18 June 2024, we provide the following responses.

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?

Beyond Bank has a dedicated 'Domestic and Family Violence' page on our website. This page describes different forms of financial abuse, provides key resources and support agencies, and outlines what we can do to help our customers experiencing financial abuse. Customers are invited to contact us when they need support. In some cases, customers may not be aware or are unsure they are, in fact, victims of financial abuse, so this information can be valuable in helping to empower our customers to take the first step in reaching out for help.

Our work in this area is supported by the following policies that provide direction to our employees about vulnerable people, what financial abuse is, and the role Beyond Bank plays to mitigate suspected financial abuse of its customers, including referrals to support agencies.

- Vulnerable Customers Policy
- Power of Attorney Policy and;
- Prevention of Financial Abuse Policy and Procedure

Our customer-facing employees play a critical role in identifying possible financial abuse indicators and acting in a way that is sensitive to the customer so as not to put them at further risk or danger.

Staff awareness training and resources available include:

- The presence of an 'Ask for Angela' flag to discreetly identify customers who have expressed they are victims of financial abuse to ensure empathy, understanding and privacy (including if they attend with a partner).
- Regular training to ensure our staff can identify, support and work with customers who are victims of financial abuse, which includes:
 - How to lock down accounts.
 - How to support a customer to open new accounts, separate from their partner/ex-partner.
 - How to remove a signatory, administrator, Attorney or other third party.
 - Guidance on identification allowances for customers without ready access to their identification documents (for example, when a partner/ex-partner has withheld documents).
 - Working with a customer representative.
 - Sensitive questioning techniques.
 - Lodging suspicious matter reports.

In addition, we conduct bi-annual training sessions on vulnerable customers, including domestic and family violence and financial abuse content. This is supported by content for our teams on our internal 'Customer Vulnerability' intranet page, which contains details for outreach support contacts, including Financial Counselling Australia, the National Debt Helpline, and 1800 Respect. For our staff who may find themselves victims, our Employee Assistance Program provider is readily accessible.

Our customer relationship centre (CRC) operations team provides specialised subject matter advice about Enduring Power of Attorney and Administration/Guardianship Orders to our customer-facing teams and assists with reports of financial abuse. They are also primarily responsible for reviewing and approving requests to add Attorneys to customer accounts. Our financial crimes team investigate reports of complex financial abuse cases when they escalate from our customer-facing teams. Similarly, our credit control team is equipped to respond to and handle financial abuse cases involving debt.

Financial abuse prevention measures that we have in place include:

- Prescribed questions around purpose and possible coercion when a funds transfer, limit increase or cash withdrawal is requested.
- Where a Power of Attorney (POA) has been lodged with the bank, and the request is from the Attorney, additional evidence may be required to support the request.
- Processes for lodging a POA and additional flags for customers operating under a POA to allow for more stringent monitoring.
- Information sheets on what an Attorney can and cannot do.
- Financial abuse information on our website.
- Ongoing staff training.
- The ability to place an account on 'watch' where significant concerns are held.
- Unique PINs, codes and passwords to access online banking platforms.
- Education activities for customers with a focus on never sharing their credentials with others to maintain security over their accounts.

Regarding joint borrowers, we must ensure that each borrower receives a 'substantial benefit', which is declared on our co-borrower declaration form. In addition, our lenders receive the appropriate training to identify and respond to possible flags of financial abuse. We have a declaration within our loan origination software for our lenders to confirm that there are no indicators of financial abuse in dealings with the borrower(s). If our lenders are aware of any possible vulnerabilities or suspect any possible financial abuse or coercion, we would conduct an independent interview with each borrower separately to ensure their understanding and offer support if needed.

Similarly, we must allow guarantors at least three days to obtain independent legal advice before accepting a credit contract, which aligns with our obligations under the Customer Owned Banking Code of Practice (COBCOP).

When debt is involved, credit matters are considered, and discretion and understanding are applied through our credit control team for customers experiencing financial abuse. We take a collaborative approach and work very closely with the customer while ensuring sensitivity is used so that the customer feels supported.

Hardship measures include a flag to ensure arrears are not reported to credit agencies to assist in maintaining their credit score, also noting that a form of financial abuse is to deteriorate the victim's financial resources and standing, so this helps reduce the impact of poor credit ratings. We also assist our customers with banking support in emergencies, including an option for an emergency payment of up to \$1,000.

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

Approximately 15 individuals have the 'Ask for Angela' flag raised on their customer profiles, indicating they are current victims or past victim-survivors. Our staff is on notice to service these customers with discretion and sensitivity.

Our credit control team is working with 39 individuals who have indicated they have or are currently experiencing domestic violence. These customers are afforded additional discretion in assessments.

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?

The shift of financial products to online platforms can add complexity to identifying possible indicators of financial abuse as we become reliant on our banking systems to automate processes for identifying instances of financial abuse.

We do find that we primarily depend on face-to-face or verbal interactions with our customer-facing staff to best identify red flags for financial abuse. Our staff are aware of potential abuse indicators, and one of our first steps is to speak to the potential victim (our customer) away from any undue influence in a sensitive and understanding manner to validate our suspicions or allay concerns.

Human touchpoints allow a conversation to occur, whether directly with our customer or with an authorised third party such as an Attorney. In the past, these conversations have led to the discovery of financial abuse, as the request generally comes from the perpetrator for reasons that are not considered to be in our customer's best interest.

We have taken steps to enhance our digital platforms where customers choose to interact with us. This includes implementing facial biometrics for new-to-bank online customers to combat identity fraud and 'friendly ID takeover'. We will also implement Voice ID in the near future to further secure customers' identification when choosing to contact our customer relationship centre.

Where a customer recognises that they might be the victim of financial abuse, there are measures we allow them to take as 'self-service' options to protect themselves (where they suspect unauthorised access to digital banking or their debit card).

These include:

- Changing their internet banking password
- Updating their contact information (phone number, email address, postal/residential address)
- Lowering their transaction limits
- Changing the PIN on their card or disabling card control features such as 'online transactions'

Where a customer reports financial abuse, or we hold concerns that financial abuse is occurring, we can take steps to mitigate or remove the risk of financial loss by:

- Removing any third-party access, such as a signatory or POA
- Restricting debit card access
- Lowering transaction limits or reducing them to zero
- Locking or removing access to digital banking platforms

As mentioned previously, we have processes in place to add an Attorney(s) to an account under an Enduring Power of Attorney and have these authorities flagged for more stringent monitoring. However, an Attorney can act independently (when stipulated by the POA) via our online platforms. Again, we must exercise a balanced approach to protect our customers from possible financial abuse versus allowing customers and their appointed Attorneys to choose how they manage their finances.

At Beyond Bank, where a customer has lost the capacity to manage their finances, we require evidence, such as a medical practitioner's notice, before allowing an Attorney to act on a customer's account. Similarly, when we approve an Attorney for a customer's account, we notify all parties when an Attorney has been added to operate on an account.

To summarise, Beyond Bank is committed to helping end the impacts of financial abuse and supporting victim-survivors on their journey to financial independence and wellbeing. We acknowledge there is more to be done, both at a local and industry level, and we must work collectively to extend efforts to reduce the impact and instances of financial abuse within our communities.

Thank you for the opportunity to respond.

Yours sincerely,

Jake Bromwich
Chief Executive Officer