

Ivan Powell
Company Secretary
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Dear Mr Powell,

Introduction

Police & Nurses Limited (PNL) welcomes the opportunity to respond to the Parliamentary Joint Committee on Corporations and Financial Services (Committee) inquiry into the Financial Services Regulatory Framework in Relation to Financial Abuse (Inquiry).

Detailed below is information about our organisation, and our responses to the questions posed by the Committee.

Background

PNL is a customer owned Authorised Deposit taking Institution (ADI), operating as P&N Bank in Western Australia and BCU Bank, in NSW and QLD. In an Australian context, PNL is a small ADI with less than 200,000 customers and assets of circa \$8Bn. PNL distribution channels include proprietary (a Contact Centre and 31 branches) brokers and online. The Group is regulated by APRA, with no operations or lines of business outside of Australia.

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?

PNL subscribes to the Customer Owned Code of Banking Practice (COBCOP). PNL compliance frameworks extend to ensuring alignment with the requirements of the COBCOP, including those relating to dealings with vulnerable customers.

All relevant staff receive mandatory training on financial abuse indicators, and how to respond where suspected abuse is identified. Training is supported by procedures which identify the groups of customers most likely to experience financial abuse, outline the red flags for staff to be aware of, and describe the actions that should be considered in response.

Where it becomes apparent that customers are experiencing domestic or family violence, separate accounts will be created that can only be seen and accessed by the account owner, and online banking login details may be changed.

Processes for accepting, registering, and acting upon Powers of Attorney and Financial Management Orders have appropriate delegations ascribed to them, and a series of prompts and checks are in place to support consideration of the potential risk of financial abuse being prevalent.

When joint borrowers apply for a credit facility, our lenders and brokers must ensure all borrowers will receive a benefit from the loan, to detect and prevent potential financial abuse before it occurs. Guarantors to loans must fully understand their obligations and meet policy requirements, including that they obtain their own independent legal advice, before entering a guarantee.

Information shared by customers through complaints, hardship applications and / or fraud reports, may also alert PNL to the existence of suspected financial abuse, allowing staff to refer customers to a variety of third-party agencies for support.

PNL has established an internal working group that is focussed on supporting customers that are experiencing domestic and family violence, including financial abuse. Initiatives underway were informed by recommendations from the Centre for Women’s Economic Safety. Initiatives will be broadened to capture wider groups of vulnerable customers experiencing financial abuse, as relevant.

Terms and Conditions for online channels and account and access products, prescribe that using products or services to perpetrate any form of financial abuse is unacceptable, and that the consequences of doing so can include suspension, cancellation, or denial of access to the product or service.

Additional tools and technology to support improved detection and responses to abusive messages made with payments, is under consideration. A proof of concept has been trialled, and discussions with payments and technology providers will continue.

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

Our frameworks for measuring the complete extent of financial abuse are still maturing. Data sources are still somewhat fragmented, and payment analysis in particular, requires refinement before we can completely quantify the extent of suspected abuse with a high degree of confidence.

Work is underway to better understand the complete picture at an enterprise level, which we expect to finalise within the next three months.

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?

We believe the general societal transition towards digital first banking preferences represents both a risk and an opportunity. Payments channels are used for abusive messages, but the “digital footprint” that is created also allows insights into customer interactions, which are not always present in other abusive contexts. Effective deployment of technology, overlaid with a clear stance on use and tolerance of the platforms, can go some way to mitigating this risk.

Having regard to the above, our key areas of focus include:

- Collaborating with our vendors (payments and systems providers) to identify the optimal technology solutions, to assist with detecting and mitigating financial abuse through online platforms.
- Ensuring ongoing alignment and integration with existing processes and controls as we continue to develop and deploy online platforms.
- Identifying Artificial Intelligence use cases that may assist with enhancing detection of financial abuse.
- Developing and delivering a more integrated and enterprise-wide response, to mitigating this risk.

ENDS

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