

13 June 2025

Ms Michelle Kumarich
Executive General Manager – Jurisdiction
Australian Financial Complaints Authority

Via email: consultation@afca.org.au

Dear Ms Kumarich

Australian Financial Complaints Authority Consultation on 2025 Rule changes

COBA thanks AFCA for the opportunity to provide feedback on its Rule changes consultation.

COBA is the industry association for Australia's customer owned banks (mutual banks and credit unions). Collectively, our sector has over \$182 billion in assets and is the fifth largest holder of household deposits. Our members range in size from less than \$200 million in assets to around \$25 billion in assets – all significantly smaller than their ASX-listed peers. Customer-owned banks account for around two thirds of the total number of domestic Authorised Deposit-taking Institutions (ADIs) and deliver competition and market leading levels of customer satisfaction in the retail banking market.

COBA supports AFCA's proposed changes to its Rules. We believe that expanding AFCA's jurisdiction to receiving banks will help AFCA take steps towards a broader ecosystem approach to accountability as envisioned under the Scams Prevention Framework (SPF). Additionally, we believe that the changes on paid representatives and the naming of non-compliant financial firms will assist in providing a more timely, efficient and effective dispute resolution process and will help improve transparency and fairness.

While COBA supports expanding AFCA's jurisdiction to receiving banks, we believe that there are a few extra factors that AFCA should consider on apportioning liability and implementation. On the apportionment of liability, AFCA should consider that intermediary and destination banks are likely to have significantly less capability to identify and act on scam activity than the sending bank. This is because banks focus their limited resources and monitoring towards protecting their own customers over non-customers. An important consideration in apportionment of liability is the extent to which a firm could have acted to prevent or reduce the loss. AFCA will need to consider this on a preliminary basis in the receiving and sending bank context. However, we expect the Government to look at this issue more broadly across the SPF sectors (banks, telcos and digital platforms) as it implements the SPF framework. Additionally, including receiving banks in scam-related matters should only occur for scams (rather than complaints) after the March 2026 commencement date. This will allow time for banks to make the necessary changes to their monitoring and resourcing to better respond to these matters where they may be the intermediary or destination banks in the transaction.

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Further, COBA believes that AFCA should be mindful to provide sufficient time to intermediary and destination banks when it is requesting information. Our members have cited examples where they have been involved in matters as part of the chain in the movement of funds and AFCA required a response in seven days. In these examples, the bank had to assign specific resources to work on the request full time and required the requesting of an extension. COBA believes that such short timeframes are particularly onerous for non-major banks, like our members. We believe that a more appropriate amount of time would be a maximum of 30 days for internal dispute resolution matters, considering that the complaint is unlikely to have been received by the receiving bank prior to AFCA's request. In the alternative, 21 days could be allowed for an AFCA information request.

We thank AFCA for taking our views into account. Please do not hesitate to contact Robert Thomas, Senior Manager Policy (rthomas@coba.asn.au) if you have any questions about our submission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Lawrence', with a stylized flourish at the end.

MICHAEL LAWRENCE
Chief Executive Officer