

# Customer Owned Banking Code of Practice

## Independent Review 2025-26 Terms of Reference

### Introduction

The Customer Owned Banking Code of Practice (the Code) is the code of practice for Australia's mutual banks and credit unions. The Code has been in place in its current form since 28 October 2023. The ACCC has granted authorisation for certain provisions of the Code to be implemented.

The Code requires an independent review at least every five years. The review is commissioned by the Customer Owned Banking Association (COBA) and will be completed in consultation with stakeholders.

In 2025 COBA formed a Subscriber Advisory Committee made up of representatives from Code subscribers to advise COBA, help guide the review process, and to shape the strategic direction of the revised Code.

COBA commissions this review in November 2025 and expects the review to be completed by 30 June 2026.

### Code Review Context

The Code review is taking place in an ever-changing legal and regulatory environment and an increased focus on how banks respond to consumers, especially those who are experiencing vulnerability or facing financial hardship.

While customer-owned banks are regulated in the same way as investor-owned banks and are competing in the same retail banking space, they exist for an entirely different reason. Customer-owned banks exist to meet the needs of their customer-owners rather than seeking to maximise returns for a separate group of investor shareholders.

The Code is a statement of the commitment that customer-owned banks make to their customer-owners and prospective customer-owners. It is essential that the Code is effective in improving industry practice and continues building the trust and confidence that consumers have in customer-owned banks.

### Code Review Objectives

The objectives of the review are to ensure that:

- The Code continues to respond appropriately to the contemporary environment, and to benefit customers and subscribers.
- Ensure the Code clearly sets out the standards of service and behaviour expected of customer-owned banks, providing clarity for both banks and their customers about their respective rights and responsibilities.
- Improving understanding and simplifying the Code without losing meaning or reducing consumer protection.
- Consumers of banking services, regulators and other key stakeholders play a part in the ongoing development of the Code.

## Scope of the Review

### Customer Owned Banking Code of Practice

The review will cover all provisions of the Code, and any additional matters considered relevant to be included in the Code. The reviewer will have regard to the fact that the Code underwent substantial modifications following the 2019 Code review. It is not anticipated that the review will consider the rationale for these changes. However, the review will accept submissions on the operation of the changes and consider whether any adjustments are required to ensure they achieve their intended effect.

In reviewing the Code, the reviewer will have regard to:

- The extent to which the Code remains appropriate having regard to regulatory reform since the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry and the last review of the Code, and whether there are opportunities to minimise duplication with existing laws.
- The extent to which the Code contributes to banking services being inclusive, affordable and accessible for all customers, including small businesses, Indigenous Australians, and customers experiencing vulnerability.
- The appropriateness of the provisions of the Code and whether these provisions meet consumer and community expectations for customer-owned banks.
- The unique circumstances and business model of the customer-owned banking sector.
- The different size and scale of institutions both comparatively within the sector and with the broader banking industry and whether there are opportunities for proportionality and flexibility in the application of the provisions of the Code and whether more principle-based than prescriptive-based provisions should be adopted.
- The most recent review of the Banking Code of Practice and the findings of the gap analysis between the current and previous Banking Codes of Practice and the current Customer Owned Banking Code of Practice.
- Any other matters required to be considered under ASIC's Regulatory Guide RG183 Approval of financial services sector codes of conduct.

### Customer Owned Banking Code Compliance Committee

The review will assess the Customer Owned Banking Code Compliance Committee's (the Committee) performance and operations as set out in the Code and Committee Charter. In doing so, the reviewer will have regard to:

- The efficiency and effectiveness of the Committee and its secretariat.
- Alternative models of governance or operation that could enhance the Committee's effectiveness.
- The adequacy of resourcing to support the Committee's work and ability to fulfil its responsibilities.
- Whether the Committee's role, functions and powers are appropriate to deliver on its purpose.
- Whether greater consistency and alignment in powers and functions could be achieved with other industry Code Compliance Committees.
- Whether there is a continued need and role for the Committee regarding reporting and monitoring of internal dispute resolution complaints.
- Whether breach reporting requirements could be improved, including the potential for materiality thresholds.
- Whether the Committee Charter is the most suitable instrument to set out the Committee's functions and powers.

- Opportunities to strengthen engagement between the Committee, Code subscribers and other key stakeholders.

## Exclusions

In conducting the review, the reviewer will not have regard to:

- Proposals that were made to previous reviews of the Code and that have not been accepted by previous reviewers or by COBA, unless there have been material changes in circumstances that warrant a reconsideration of these proposals.
- Recommendations that were made by previous reviews and that have not been accepted by COBA, unless there have been material changes in circumstances that warrant a reconsideration of these recommendations.
- Matters that are being responded to by Government or industry through other processes except to the extent that the Code can assist customer-owned banks to respond to these processes in a manner that is not duplicative or in conflict of the law. This includes issues that have been or are currently being considered by Parliamentary Committees or have been or are being responded to by Government and Parliament. For example, customer-owned banks will be subject to a mandatory industry code under the Scams Prevention Framework which minimises the role that the Code could perform responding to the issue of scams.

## Independent Reviewer

COBA has appointed Ms Eva Scheerlinck, an independent person with relevant qualifications and experience to conduct this review.

## Consultation

The reviewer is to conduct the review publicly and ensure consultation with:

- The customer-owned banking sector, including COBA and its members.
- The Customer Owned Banking Code Compliance Committee.
- Relevant regulatory bodies.
- Consumer and small business organisations, including Indigenous Australian consumer representatives.
- Other interested stakeholders, including AFCA.

Consultation will include a public submissions process.

## Final Report

The Code reviewer will assess submissions received on the Terms of Reference and feedback provided and prepare a report. A draft report will be consulted on to facilitate further discussion and will be provided to COBA.

A final report will be published with findings and options about changes to improve the operation and performance of the COBCOP. The findings and options presented by the report will consider the submissions of all interested parties but will be determined and framed according to the independent judgment of the Code reviewer.

The findings and recommendations will be those of the Code reviewer. COBA and its members will need to consider the report and determine their response and next steps.

## Timing

The independent review is to be conducted in a timely, transparent and accountable manner. The reviewer will commence in December 2025 with a detailed consultation paper to be released early February 2026 with a consultation period of eight weeks.

A final report will be delivered to COBA by 30 June 2026.

The response to and implementation of the final report's recommendations will require assessment by COBA and its members on any changes to be determined. Commencement and transitional arrangements for any revised Code will reflect the nature of changes made.

## Independence

COBA will appoint the Code reviewer. While the customer-owned banking sector will fund the review, the sector will not have any influence over the findings and options identified by the Code reviewer beyond our input as a participant in the review. The Code reviewer will act independently of COBA and its members.

## Confidentiality

It will be assumed that submissions are not confidential. Submissions may be published on the Code review website established for this review and be publicly available. If a submitter wants their submission, or any part of it, to be treated as 'confidential' please indicate this clearly.

The Code reviewer reserves the right to not publish submissions or other material received by the Code reviewer during this review that is offensive, potentially defamatory, or clearly falling outside the scope of the review.