



# Independent Review

## 2025-26

### Customer Owned Banking Code of Practice

#### Consultation Paper

##### **About this paper**

This is a Consultation Paper to guide stakeholder feedback for the independent review of the Customer Owned Banking Code of Practice.

This paper has been developed by Eva Scheerlinck of Scheerlinck Consulting, the appointed independent reviewer.

*Scheerlinck Consulting acknowledges the Traditional Custodians of the lands on which we work and on which stakeholders across the customer owned banking sector work and live throughout Australia.*

*We recognise the continuing connection of Aboriginal and Torres Strait Islander peoples to Country, culture, and community, and acknowledge their enduring custodianship of this land.*

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## 1. OVERVIEW AND PURPOSE

The [Customer Owned Banking Code of Practice](#) (the Code) sets out the commitments that Australia's customer-owned banks make to their customers and prospective customers. It describes the standards of service, fairness, and accountability that subscribers promise to meet — standards that go beyond minimum legal requirements and reflect the purpose-driven nature of the customer-owned banking sector.

Customer-owned banks operate in the same regulatory and competitive environment as investor-owned banks, but they exist for a different reason. They are owned by their customers and exist to serve those customer-owners, not to maximise returns for external shareholders. The Code is therefore more than a compliance document. It is a public statement of promises and values, and an important source of trust between customer-owned banks and the communities they serve.

Throughout this paper, 'customers' includes both individual consumers and small business customers unless otherwise specified. While many Code provisions apply to both groups, small business customers face some distinct circumstances and risks in their banking relationships. Section 5 addresses issues specific to small business banking, while other sections examine experiences that may affect both individual and small business customers.

This consultation paper marks the beginning of the Independent Review of the Customer Owned Banking Code of Practice for 2025–26. Its purpose is to invite people and organisations to share their experiences of how the Code works in practice — where it supports good outcomes, where it may fall short, and how it may need to evolve to remain effective, clear and credible in a changing environment. The paper poses 18 questions for stakeholders to consider in responding to the review.

### ABOUT THIS REVIEW AND INDEPENDENCE

The review is being conducted by Eva Scheerlinck as Independent Reviewer. Eva established the Australian Institute of Superannuation Trustees Governance Code in 2017 and currently chairs the Code Authority for the Fundraising Institute of Australia. While the review is commissioned and funded by the Customer Owned Banking Association (COBA), the Reviewer operates independently. Findings and recommendations will be based on evidence and stakeholder input and will reflect the reviewer's independent judgement.

An independent review is required under the Code at least every five years and this review is conducted publicly, transparently and in consultation with stakeholders, including consumers, community organisations, First Nations representatives, customer-owned banks, regulators, dispute resolution bodies and the Customer Owned Banking Code Compliance Committee (COBCCC). You do not need to be a customer of a customer-owned bank to participate in this review.

### HOW TO PARTICIPATE IN THIS CONSULTATION

There are several ways to participate in this review. Stakeholders are encouraged to engage in the way that best suits their experience, capacity and interests. All forms of participation are valued and will be considered by the Independent Reviewer.

## WRITTEN SUBMISSIONS (FORMAL OR INFORMAL)

Stakeholders may make a written submission responding to any part of this consultation paper.

Submissions:

- may be formal or informal
- may address one issue or many
- may be narrative, evidence-based or a combination of both
- do not need to respond to every question or theme.

There is no prescribed format. Submissions may be brief or detailed.

**Submissions are due 2 April 2026.** Submissions can be sent to [code@coba.asn.au](mailto:code@coba.asn.au).

## MEETINGS WITH THE INDEPENDENT REVIEWER

Stakeholders may request a meeting with the Independent Reviewer to share their experience or insights verbally. Meetings may be particularly appropriate where:

- issues are complex or sensitive
- lived experience is better conveyed through discussion, or
- cultural or community protocols make written submissions less suitable.

Meetings may be held in person or online, subject to availability and accessibility considerations.

## STAKEHOLDER ROUNDTABLES AND TARGETED CONSULTATIONS

The review will include stakeholder roundtables and targeted consultations to support dialogue and shared learning across different perspectives. These may include:

- consumer and community organisations
- First Nations representatives
- customer-owned banks of different sizes
- regulators and dispute resolution bodies.

Roundtables are intended to supplement, not replace, written submissions.

## ACCESSIBILITY AND SUPPORT

If you require assistance to participate in the consultation, or wish to discuss alternative ways of contributing, please contact the review team via [code@coba.asn.au](mailto:code@coba.asn.au).

## CONFIDENTIALITY AND SENSITIVITY

Where submissions include sensitive information, personal details or culturally specific knowledge, contributors may request confidentiality. Please clearly identify any information that should not be published.

## 2. ABOUT THE CUSTOMER OWNED BANKING CODE OF PRACTICE

*This section examines the regulatory, policy and industry context in which the Code operates, including developments since the last review that may inform expectations of contemporary industry codes and their role in protecting consumers.*

The current version of the Code came into effect in October 2023 following substantial reforms in the 2019 review. That review modernised the Code's structure and language, strengthened protections in areas including financial hardship and guarantor safeguards, introduced new small business lending provisions and enhanced the role and powers of the Code Compliance Committee.

The 2019 review took place immediately following the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry — a moment of profound scrutiny of banking culture, conduct, and accountability. The revised Code reflected that environment, establishing stronger commitments, clearer language and more robust oversight mechanisms.

This 2025-26 review takes place in a different but equally significant context. The Royal Commission reforms are now mostly embedded, but new challenges have emerged — including the growing sophistication of financial abuse, rapid acceleration of scams, cost-of-living pressures driving unprecedented levels of financial hardship and ongoing implications of climate-related disasters. Regulatory approaches are also evolving, with increasing emphasis on proportionality and recognition that institutions of vastly different sizes and capacities require different approaches. This consultation paper draws out some of those emerging themes for special consideration.

For customer-owned banks — who have a proud history of putting customers first and supporting local communities — the Code's effectiveness depends on it remaining meaningful in practice, not just well-intentioned in form.

Despite being voluntary, the Code has been adopted by 50 of Australia's 52 customer-owned banks. This review stems from COBA's commitment to assessing if the Code is working and their commitment to anticipating and adapting to changes in the operating environment.

### LEGISLATIVE, REGULATORY AND INDUSTRY CONTEXT SINCE THE LAST REVIEW

Since the last comprehensive review, the legal and policy environment for banking and consumer protection has continued to evolve. Several significant developments inform this review and provide context for the role that industry codes play alongside legislation, including how codes may interact with regulatory requirements and address areas not explicitly covered by law. Other laws and regulatory agencies, including self-regulatory bodies, will overlap in their reach and intent. It is therefore important to understand these common regulatory environments and work with other stakeholders for consistency and continuous improvement.

Some of these key areas of contemporary regulatory, policy and industry developments follow.

## REFORMS FOLLOWING THE BANKING ROYAL COMMISSION

The Royal Commission reinforced that industry codes must have genuine force and operate as meaningful consumer protections. Regulatory expectations have continued to rise, with codes expected to complement the law, set clear standards and be capable of enforcement and independent oversight.

### ASIC's EXPECTATIONS FOR INDUSTRY CODES

The Australian Securities and Investment Commission's (ASIC) [Regulatory Guide 183](#) (RG183), updated in December 2025, outlines expectations for approved industry codes, including in relation to clarity, enforceability and governance. While the Customer Owned Banking Code is not currently submitted for ASIC approval, RG183 provides relevant context for understanding contemporary regulatory expectations of industry codes.

### FINANCIAL HARDSHIP

ASIC's May 2024 report '[Hardship, hard to get help](#)' found lenders were failing to adequately support customers experiencing financial hardship, identifying critical barriers including difficult assessment processes, ineffective communication and inadequate support for vulnerable customers. These findings provide important context for this review, including the types of issues that may arise in hardship processes and the challenges customers can experience when seeking assistance.

### SCAMS PREVENTION

A mandatory [Scams Prevention Framework](#) is being introduced to strengthen consumer protections, though it is not yet in force. ASIC's August 2024 review of 15 banks outside the major four ([Report 790](#)) found scam prevention practices less mature than expected, with significant gaps in governance, customer support and response protocols. The review observed differences in governance, oversight and resourcing approaches, and noted that these factors influenced how institutions responded to scam risks.

In response to the growth in scamming activity, the banking industry launched the [Scam-Safe Accord](#), demonstrating sector commitment to protecting customers from increasingly sophisticated threats.

### FINANCIAL ABUSE AND DOMESTIC VIOLENCE

Parliamentary inquiries have drawn attention to financial abuse, particularly in domestic and family violence contexts. In January 2026, the banking sector launched the [Financial Safety Alliance](#) to integrate financial safety by design principles and prevent the weaponisation of financial products, recognising that coordinated action is needed to embed safeguards and provide consistent support to victim-survivors.

### PROPORTIONALITY IN REGULATION

Two significant developments in the regulation of banks emphasise the need for proportionate approaches, in alignment with the design of the Code.

Firstly, in December 2025 the Australian Prudential Regulation Authority (APRA) commenced consultation on a three-tiered approach to banking regulation, explicitly recognising that 'one size does not fit all.' The framework establishes tiers based on asset size, reflecting the principle that proportionality means appropriately tailored approaches matching an institution's size, complexity, and risk profile — not lower standards. APRA has also signalled that it is working with Treasury on the possibility of introducing a further tier for very small institutions.

Secondly, the Council of Financial Regulators Review of small and medium banks in 2025 found the regulatory regime ‘broadly fit-for-purpose’ but identified opportunities to reduce burden without compromising standards. This recognises that small and medium banks face challenges from high fixed costs while providing essential competition and serving communities, particularly in regional areas.

### CONSUMER VULNERABILITY

A new [Australian Standard](#) introduced in 2025 on vulnerable consumers provides guidance on identifying and supporting customers experiencing vulnerability, recognising that vulnerability is often dynamic, intersecting and situational. While not law, it informs contemporary expectations and provides useful context for how the Code could address vulnerability in practical ways.

### THE REVISED BANKING CODE OF PRACTICE

Customer-owned banks operate in the same regulatory environment as investor-owned banks and face many of the same risks, challenges and customer expectations. The [Banking Code of Practice](#) — which applies to Australia’s major banks — sets out commitments that those banks make to their customers.

The Banking Code was updated in 2025, introducing new commitments in several areas including enhanced support for First Nations customers, improved protections for people experiencing financial difficulty, and explicit commitments to inclusive banking for LGBTIQ+ communities. The 2025 update also introduced clearer definitions of financial difficulty that explicitly reference pandemics and natural disasters, protections for farmers during drought or natural disaster, and detailed guidance on assisting people managing deceased estates.

While the two codes serve different sectors with different ownership structures and often different resources, understanding how they compare provides useful context for this review. Some differences reflect practical realities about institutional size and capacity. Other differences may reflect the distinctive values and operating models of customer-owned banking; some may point to areas where customer-owned banks could consider strengthening their commitments, or where the Customer Owned Banking Code’s existing approach is more appropriate for the sector.

This review considers whether the current balance between the codes is appropriate. Where differences exist, it examines whether they reflect deliberate choices suited to the customer-owned banking sector’s character and capacity, or whether they represent opportunities for improvement.

### INTERNATIONAL BEST PRACTICE IN FINANCIAL CONSUMER PROTECTION

International frameworks such as the G20/Organisation for Economic Co-operation and Development’s (OECD) [High-Level Principles on Financial Consumer Protection](#) (updated in 2022) identify emerging themes in consumer protection, including digitalisation, dynamic vulnerability and the importance of flexible oversight mechanisms. These principles emphasise that consumer protection should contribute to people’s financial well-being and financial resilience throughout their lives.

The Independent Reviewer will consider whether international developments and emerging good practice — adapted to Australia’s regulatory context and the distinctive characteristics of customer-owned banking — offer insights for strengthening the Code’s effectiveness.

“It is important for people to have access to quality financial products and services, be included in the financial system, have support to make informed decisions and have appropriate protections in place, for instance to adequately protect people from harms or provide redress mechanisms when harms occur.”

[G20/OECD High-Level Principles on Financial Consumer Protection \(2022\)](#)

## CONSULTATION QUESTIONS

1. Where does the Code align with or diverge from contemporary regulatory, policy and industry expectations in consumer protection, and are any divergences appropriate for the customer-owned banking sector?
2. How can contemporary regulatory, policy and industry expectations be adopted in the Code to reflect the size and scale of the customer-owned banks, allowing for flexible and proportionate application, without duplicating legal obligations?

### 3. EFFECTIVENESS OF THE CODE

*Building on the contextual developments outlined in Section 2, this section turns to assessing how effectively the Code operates in practice and whether the Code provisions themselves are clear, specific if they need to be, and enforceable.*

#### THE CODE'S STRUCTURE AND PROMISES

The Customer Owned Banking Code of Practice is built around seven core promises to customers, supported by a large number of detailed obligations. The promises are intended to express, in plain language, what customers should expect from customer-owned banks, while the obligations are intended to translate those commitments into operational standards.

A key purpose of this review is to understand whether this structure works in practice — whether the promises meaningfully reflect customer expectations, whether they are delivered through day-to-day banking behaviours, and whether the Code is usable by the people who rely on it. This applies equally to individual consumers and small business customers, who often face similar challenges in understanding their rights and navigating banking relationships, though they may engage with different products.

ASIC's RG183 sets out expectations for effective industry codes, emphasising that codes should deliver greater protections or benefits to consumers than what is required under existing laws, and that code provisions should be expressed clearly and be genuinely enforceable. While the Customer Owned Banking Code is not currently submitted for ASIC approval, these standards provide a useful benchmark for considering whether the Code achieves its objectives. The Independent Reviewer will consider whether the promise-based structure provides sufficient clarity and specificity to meet enforceability expectations set out in RG183.

This review therefore considers not only what the promises say, but how they operate: how clearly they guide practice, how easy they are to understand, whether they are enforceable in practice, and how effectively the underlying obligations give them practical effect. It also examines whether any provisions duplicate legislative requirements without delivering additional consumer benefit, and whether the Code's obligations are sufficiently clear and specific to support enforcement through internal dispute resolution, external dispute resolution and compliance monitoring processes.

#### STRUCTURE, LANGUAGE AND USABILITY

The Code's impact depends on its accessibility to different users. The Code is relied on by customers, frontline staff, customer advocates, community organisations, compliance teams, dispute resolution bodies and oversight bodies. If the structure is difficult to navigate, the relationship between promises and obligations is unclear, or if the language is overly legalistic, the Code may fail to influence behaviour even where commitments are well-intentioned.

RG183 emphasises that codes should be expressed in plain language that clearly sets out their objectives, scope, and the rules and obligations they create. This review seeks to understand whether the promise-based structure helps users understand what customer-owned banks commit to, or whether it creates uncertainty for how protections apply in practice. It also considers whether the Code could be simplified, clarified or restructured in ways that improve accessibility and accountability without weakening consumer protections.

A related consideration is the enforceability of code provisions through multiple mechanisms. RG183 identifies that effective codes enable consumers to pursue remedies through internal and external dispute resolution, allow independent code administrators to impose sanctions for breaches, and ensure that obligations are sufficiently clear and specific enough to be enforceable. The extent to which the promise-based structure supports or hinders these enforcement mechanisms is an important question for this review. The powers of the Code Compliance Committee in monitoring compliance and ability to enforce the Code is further discussed in Section 10 of this paper.

## LEARNING FROM DEVELOPMENTS IN THE REVISED BANKING CODE

The updated Banking Code of Practice, which commenced in 2025, provides a useful reference point for considering whether the Customer Owned Banking Code remains contemporary and responsive to changing customer needs and risks.

Some features of the Banking Code may not be appropriate for customer-owned banks. For example, its regular mandatory breach reporting requirements may reflect the scale, resources and compliance infrastructure of large banks rather than the diversity of the customer-owned sector. The Independent Reviewer will consider whether proportionality and flexibility in the application of provisions in the Customer Owned Banking Code are appropriate for customer-owned banks of different scale and size.

At the same time, the Banking Code includes a number of more specific commitments that invite reflection. These include clearer definitions of financial difficulty that explicitly recognise pandemics and natural disasters; commitments to not charge or to refund certain fees during drought or disaster events; detailed guidance on supporting people managing deceased estates; explicit commitments to cultural awareness training for staff working with First Nations customers; and commitments to inclusive banking for people of diverse sexual orientations, gender identities and sex characteristics.

The Customer Owned Banking Code addresses many of these issues, but often in broader or more principles-based terms. This review will consider whether greater specificity would strengthen protections, improve enforceability, and deliver better outcomes in practice, or whether the current approach appropriately balances clarity with flexibility for institutions operating in different contexts.

### CONSULTATION QUESTIONS

1. How effective is the Code's promise-based structure in delivering clear, enforceable protections that shape bank behaviour?
2. Where do principles-based provisions work well, and where would greater specificity strengthen protections and enforcement?

## 4. EXPERIENCES OF FINANCIAL HARDSHIP

*This section explores how effectively the Code supports customers experiencing financial hardship in practice, and whether current commitments deliver timely, accessible and compassionate outcomes across institutions of different sizes.*

Financial hardship is affecting a growing number of banking customers, driven by rising living costs, higher interest rates and broader economic pressures. Increasingly, customers seeking hardship assistance include individuals who have not previously experienced financial stress, as well as small business customers facing cash-flow pressures or higher operating costs.

When customers experience financial hardship, the way a bank responds can materially influence outcomes. Clear, timely and supportive processes can help individuals and small businesses stabilise their finances and recover. Conversely, processes that are difficult to access, slow or poorly communicated can compound stress and deepen financial distress.

The Customer Owned Banking Code includes commitments to supporting customers in financial hardship. This review considers whether those commitments are sufficiently clear, accessible and effective in practice, and whether they operate appropriately for both personal and small business customers in the current economic environment.

Recent regulatory scrutiny provides important context for this review. ASIC's May 2024 report examining hardship practices identified persistent issues including barriers to assistance, burdensome processes, poor communication and inadequate support for vulnerable customers. While ASIC's September 2025 follow-up found improvements by many lenders, it also noted areas requiring further work. These findings underscore the importance of assessing whether the Code's hardship provisions deliver meaningful protection when customers seek help.

ASIC has observed that some hardship processes are difficult to navigate, with customers required to use specific language, complete rigid forms or repeat their circumstances multiple times before receiving assistance.

The Independent Reviewer will consider whether the Code is effective in requiring support for customers' requests for hardship assistance, whether from individuals or small business customers.

### CONSULTATION QUESTIONS

1. How effective and credible is the current Code in delivering timely, accessible and compassionate hardship support for individuals and small business customers in practice?
2. What changes (if any) to the design or focus of the Code could improve hardship outcomes for customers, while remaining practical for institutions of different sizes?

## 5. SMALL BUSINESS BANKING EXPERIENCES

*This section examines small business banking experiences. The 2019 review substantially strengthened provisions in this area and this review considers whether they appropriately recognise the distinct position of small business customers, including their reliance on banking services and expectations of fair and transparent treatment.*

Customer-owned banks often emphasise relationship banking and local market knowledge in promoting their point of difference to the larger banks. For small business customers, these relationships can be critical—particularly when circumstances require flexibility, understanding of local conditions or support through challenging periods.

The Code includes enhanced provisions for small businesses introduced with the 2019 review. These provisions recognise that small businesses operate in a distinct regulatory environment to individual consumers and may have different needs, expectations and risks in their banking relationships.

Small businesses are diverse — from sole traders to family enterprises to incorporated entities with multiple employees. Their banking needs range from simple transaction accounts to complex credit facilities, often with personal guarantees that blur the boundaries between business and personal finance. When things go wrong, small business owners may face compounded financial, operational and personal consequences.

Small business lending often involves personal guarantees, creating risks for family members who may not be involved in the business or fully understand the obligations they are assuming. The Code includes guarantor protections, revised in the last review. The Independent Reviewer will consider whether these operate effectively in practice and whether additional guidance is needed.

### CONSULTATION QUESTIONS

1. How well do the Code's small business provisions work in practice, and where do gaps or challenges exist?
2. What changes (if any) to the Code would better support small business customers while remaining practical for customer-owned banks of different sizes?

## 6. EXPERIENCES OF VULNERABILITY AND SAFETY

*This section considers whether the Code adequately protects customers experiencing vulnerability and safety risks, including family violence, intersecting vulnerabilities and crisis events, and whether commitments are being delivered consistently in real-world practice.*

Vulnerability is not a fixed category. It is often temporary, situational and intersecting. People may experience vulnerability at particular moments in their lives — during illness, after the death of a loved one, following a natural disaster, when fleeing domestic or family violence, or when navigating unfamiliar systems in a language that is not their first language. Vulnerability can also be compounded, with multiple challenges occurring at once.

Banking services are essential to everyday life. When someone is experiencing vulnerability, how a bank responds can either provide stability and safety, or add to distress and risk. The Customer Owned Banking Code includes commitments to treating customers experiencing vulnerability with sensitivity and respect. This review seeks to understand whether those commitments are being met in practice, and whether they remain sufficient to meet changing community expectations.

Recent changes to the Banking Code on vulnerable customers provide a reference point for considering whether greater specificity would strengthen protections, improve consistency, or better support staff responses to vulnerable customers.

### DOMESTIC AND FAMILY VIOLENCE

Financial abuse is a common and powerful form of control in domestic and family violence. Perpetrators may restrict access to money, incur debt in a partner's name, monitor transactions, interfere with accounts, or use financial products to track, harass or threaten. For victim-survivors, interactions with banks can either support safety and independence or perpetuate harm.

In January 2026, the banking sector launched the Financial Safety Alliance, reflecting growing recognition of the role financial institutions play in preventing the weaponisation of financial products and supporting victim-survivors. Many banks have updated their terms and conditions to prohibit misuse of products for control or harm, alongside changes to policies and staff training.

### COGNITIVE DECLINE AND DIMINISHED CAPACITY

Australia's ageing population means that more customers are experiencing cognitive decline, dementia or other conditions affecting decision-making capacity. This presents complex challenges for banks. Cognitive decline can be gradual and difficult to detect, particularly in digital or telephone interactions. Customers may struggle to understand information, make uncharacteristic decisions, become confused about their accounts, or become more vulnerable to scams and financial exploitation.

Banks are often required to make difficult judgments in these situations — balancing respect for customer autonomy and dignity with the need to protect customers from harm. Family members or carers may raise concerns without having legal authority to act, and staff may be uncertain about when and how to intervene.

## DISASTERS, EMERGENCIES AND CRISIS EVENTS

Natural disasters, health emergencies and other crisis events can create sudden and acute vulnerability. Floods, fires, pandemics and similar events can disrupt lives, destroy property and place immediate financial pressure on individuals and communities. How banks respond during these periods can significantly affect customers' ability to recover.

## INTERSECTING VULNERABILITIES

Vulnerability rarely occurs in isolation. A customer may be experiencing mental illness alongside financial hardship, disability alongside family violence, or trauma alongside cultural or language barriers. In these circumstances, standardised processes may not be appropriate or effective.

Responding well often requires flexibility—communicating differently, providing information in accessible formats, allowing additional time, accepting information through alternative channels, or adjusting usual processes to meet individual needs.

The Code includes commitments to identify and respond to vulnerability. This review considers whether these commitments translate into consistent practice across institutions of different sizes and in different customer circumstances.

### CONSULTATION QUESTIONS

1. How effectively does the Code support customers experiencing vulnerability (including family violence, cognitive decline, disasters and intersecting vulnerabilities), and where do gaps or inconsistencies exist in protections or implementation?
2. What changes (if any) to the Code would strengthen commitments to and support for customers experiencing vulnerability? What aspects of the current approach work well and should be retained?

## 7. FIRST NATIONS PERSPECTIVES ON BANKING AND THE CODE

*This section examines whether the Code's current approach sufficiently recognises and responds to the distinct experiences and needs of First Nations customers, and whether it reflects contemporary expectations of cultural safety, accessibility and respect.*

The Customer Owned Banking Code currently addresses First Nations customers within broader sections on vulnerability and inclusive banking. This review seeks to understand whether that approach is effective in recognising and responding to the distinct experiences, circumstances and needs of First Nations customers, or whether those needs are insufficiently visible within the current structure of the Code.

First Nations people may face particular barriers and risks when accessing and using banking services. These can include challenges meeting identification requirements, limited access to services in regional and remote communities, experiences of discrimination or cultural insensitivity, and lower levels of financial confidence linked to systemic disadvantage. At the same time, access to safe and reliable banking services is essential for economic participation, employment, access to government payments and services, and longer-term financial security. These issues can be particularly significant for First Nations people operating small businesses or community enterprises, who may encounter additional barriers in accessing business banking services or credit.

Customer-owned banks operate in communities across Australia, including in regional and remote areas where First Nations people may make up a higher proportion of the local population than in metropolitan centres. Some institutions may therefore serve significant numbers of First Nations customers as part of their general customer base, without explicitly identifying or tailoring responses to those customers' needs.

The current Code includes general commitments that are relevant to First Nations customers, including commitments to accessible banking services, recognition of cultural and linguistic diversity, and awareness that some customers may require additional support. The Code does not currently make explicit or standalone commitments in relation to First Nations customers, unlike the Banking Code.

### CONSULTATION QUESTIONS

1. How does the Code support inclusive, accessible, and culturally safe banking for First Nations customers?
2. What changes (if any) to the Code would improve outcomes for First Nations customers? What considerations should inform the development of any new standards or commitments to ensure they are both meaningful and practical for institutions of different sizes?

## 8. DIGITAL BANKING, TECHNOLOGY AND SERVICE CONTINUITY

*This section considers how technological change, including artificial intelligence, digital banking practices and system transitions, is affecting customers, and whether the Code provides an appropriate foundation for balancing the adoption of new technology with customer protection.*

### DIGITAL AND AI-ENABLED BANKING

Digital banking and new technologies are increasingly shaping how customers interact with customer-owned banks and how banks deliver services. Artificial intelligence (AI) and automation are being used across the financial services sector in areas such as fraud detection, customer service, credit assessment and internal decision-making. Used well, these tools can improve efficiency, support earlier identification of risk or hardship, and enable more responsive services for customers.

At the same time, technological change introduces risks for customers. Automated or digitally mediated processes can reduce transparency, make decisions harder to understand or challenge, and exclude customers who are less able or willing to engage digitally. Customers may experience difficulty accessing assistance when systems fail, when processes change or when human support is limited. These risks can be particularly acute for older customers, people with disability, people in regional or remote communities, and customers experiencing vulnerability.

### ACCESS TO BANKING SERVICES

Digital change also intersects with customer expectations about access to services. While many customers value digital convenience, others continue to rely on face-to-face or telephone banking. Changes to branch networks, service channels or support models can significantly affect customers' ability to access help, even where digital alternatives are available. Banks must support appropriate access and service standards across different channels, without assuming that digital solutions are suitable for all customers or all circumstances.

### SYSTEM TRANSITIONS AND MERGERS

Bank mergers, acquisitions and system migrations present additional risks. Transitions to new systems or platforms can disrupt services, affect data integrity, change product features or terms, and create confusion for customers. Where institutions merge or adopt new technologies, customers may experience reduced continuity of service, difficulties accessing support, changes to long-standing arrangements, or failures in how customer information is carried across systems — including the loss of recorded preferences or instructions.

Existing legal and regulatory obligations already apply to digital banking, technology use and operational resilience, and are generally technology-neutral. The eSafety Commission has introduced user safety principles for online products, including the [Safety by Design](#) framework, setting expectations around service provider responsibility, user empowerment and autonomy, and transparency and accountability.

The Independent Reviewer will consider whether the Code provides an appropriate framework for managing customer impacts in digital interactions.

## CONSULTATION QUESTIONS

1. How does the Code address customer impacts of digital banking, technological change and service transitions (including mergers and system changes)?
2. What changes (if any) to the Code would better support customer-owned banks in managing the customer impacts of digital change and service transitions? How can the Code balance supporting innovation while maintaining appropriate access, inclusion and continuity of service?

## 9. FLEXIBILITY, PROPORTIONALITY AND CONSISTENCY

*This section explores two related but distinct questions: first, whether the Code appropriately reflects the distinctive purpose and operating model of customer-owned banking; and second, whether proportionate application of Code requirements is operating effectively for institutions of vastly different sizes while maintaining consistent consumer protections.*

### THE DISTINCTIVE CHARACTER OF CUSTOMER-OWNED BANKING

Customer-owned banks occupy a distinctive position in Australia's banking system. They are owned by their customers and exist to serve those customers rather than external shareholders. This is not merely a structural difference — it shapes institutional purpose, community engagement, how trust is built and maintained, and how customers expect to be treated.

The existence of a separate Customer Owned Banking Code of Practice, distinct from the Banking Code of Practice that applies to major investor-owned banks, recognises this fundamental difference in purpose and operating model. This review will consider whether the Code effectively articulates and reinforces what makes customer-owned banking distinctive, and whether it supports customer-owned banks in demonstrating their values through measurable commitments rather than general statements of intent.

### PROPORTIONALITY ACROSS INSTITUTIONAL DIVERSITY

Beyond the question of distinctive purpose lies a practical challenge: the customer-owned banking sector itself is highly diverse. It includes small, community-based credit unions and mutual banks, and with the trend of consolidation in the sector, some larger institutions. Customer-owned banks differ significantly in size, resources, systems, internal capability, product complexity and customer base. Many offer simpler product sets than the major banks, often with a stronger local presence and closer customer relationships.

These differences raise important questions about how the Code's obligations should be framed and enforced. A one-size-fits-all approach to implementation and compliance may be impractical or inefficient, potentially imposing disproportionate burden on smaller institutions without delivering corresponding consumer benefit. Recent regulatory developments support this concern — APRA's tiered supervision framework explicitly recognises that proportionality means appropriately tailored approaches matching an institution's size, complexity and risk profile, not lower standards.

The challenge is ensuring that proportionate application of Code provisions does not erode consumer protections or create inconsistent experiences for customers depending on which institution they bank with. The Independent Reviewer will consider how the Code currently balances minimum standards with proportionate implementation and whether this balance is appropriate — both in how obligations are written and in how compliance is monitored and enforced.

#### CONSULTATION QUESTIONS

1. In what ways (if any) does the Code reflect the distinctive character of customer-owned banking? What opportunities exist to strengthen the Code's role in demonstrating the sector's customer-focused model while maintaining clear, enforceable standards?
2. How effectively does the Code balance minimum consumer protections with proportionality for different-sized institutions? Where does flexibility support appropriate tailoring, and where does it create risk of inconsistent customer outcomes?

## 10. GOVERNANCE, MONITORING AND ASSURANCE

*This section examines whether current governance, monitoring and resourcing arrangements provide credible assurance that the Code is being complied with and is influencing bank behaviour in practice.*

### CODE ADMINISTRATION AND COMPLIANCE OVERSIGHT

The effectiveness of the Code's customer-facing commitments depends fundamentally on robust governance, monitoring and enforcement arrangements. An effective code should influence behaviour, support consistent implementation and provide confidence to consumers, regulators and other stakeholders that commitments are monitored and enforced in a meaningful way.

The Code is administered by the Customer Owned Banking Code Compliance Committee (COBCCC), supported by a Secretariat. The current Secretariat is the code compliance business unit of the Australian Financial Complaints Authority (AFCA). The COBCCC's powers were strengthened following the previous independent review, transforming the COBCCC into a proactive, risk-based authority with expanded monitoring powers, sanctions making powers, and greater transparency to drive continuous improvement across the customer-owned banking sector. This review will assess the performance and operations of the COBCCC as set out in the Code and the Committee Charter.

The updated RG183 sets out a greater focus on consistency in the powers, functions and operating models of code compliance bodies across the financial services sector. Industry codes administered by AFCA's independent code compliance business unit (including the Banking Code of Practice and Life Insurance Code of Practice) are overseen by compliance committees with varying levels of investigative authority, resourcing, transparency and reporting capability. Beyond AFCA, other independent code monitoring models are also available to COBA and its members to achieve their oversight and enforcement of code promises and obligations.

The Independent Reviewer will consider whether greater alignment or harmonisation between code compliance committees could strengthen confidence in the Code and support more consistent consumer outcomes, while remaining proportionate for the customer-owned banking sector. The Reviewer will also consider alternate governance models.

### RESOURCING AND OPERATIONAL CAPACITY

The previous review strengthened the COBCCC's powers substantially, including expanded monitoring authority, the ability to conduct own-motion investigations and thematic reviews, and enhanced breach reporting requirements that provide the Committee with more comprehensive compliance data from Code subscribers.

However, expanded powers are only effective if they can be exercised in practice. Two related challenges warrant examination in this review: whether the quality and consistency of data being received supports reliable analysis, and whether resourcing enables the Committee to use its expanded powers effectively.

### DATA QUALITY AND RELIABILITY

The heightened compliance and reporting requirements introduced in the previous review were intended to give the COBCCC access to more comprehensive information to enable it to analyse compliance patterns, identify emerging trends and inform continuous improvement across the sector.

The effectiveness of this approach depends on whether the data being reported is sufficiently reliable, consistent and comparable across institutions of different sizes and systems.

The Independent Reviewer will consider whether current breach reporting requirements are generating data that enables meaningful sector-wide analysis, or whether variations in how institutions interpret reporting obligations, categorise breaches or apply internal thresholds create inconsistencies that limit the Committee's ability to identify systemic issues or make evidence-based determinations about compliance trends.

#### BUDGET AND CAPACITY CONSTRAINTS

The Committee has been granted powers to undertake own-motion investigations, conduct thematic reviews, and engage in proactive compliance monitoring — functions that are central to modern, risk-based code oversight. The effectiveness of these expanded powers depends on adequate resourcing.

Code administration is funded by COBA and its member institutions, and the customer-owned banking sector itself operates with constrained resources compared to major banks. This review will consider whether the Committee's current budget allocation enables core oversight functions to be performed effectively and whether the budgeting process appropriately balances the need for credible, independent monitoring against the sector's capacity to fund it.

The Independent Reviewer will consider whether current resourcing levels support the Committee in exercising its authority — including the capacity to undertake targeted investigations, conduct thematic work or retain specialist expertise where needed — and whether adjustments to either funding levels or the Committee's scope of work may be warranted to ensure the Code oversight model remains both credible and sustainable.

#### CONSULTATION QUESTIONS

1. How effective are current governance, monitoring and resourcing arrangements in delivering the Code's objectives? Are breach reporting requirements generating reliable, consistent data that enables meaningful analysis and what improvements are needed?
2. What opportunities exist to strengthen Code governance through alignment with other code compliance models while maintaining proportionality for the customer-owned banking sector?

## 11. LOOKING AHEAD

### NEXT STEPS

Submissions on this consultation paper are due by **2 April 2026**. Submissions should be sent to [code@coba.asn.au](mailto:code@coba.asn.au).

Stakeholder roundtables will be held during the consultation phase of the review. Anyone wishing to meet with the Independent Reviewer can request a meeting by contacting [code@coba.asn.au](mailto:code@coba.asn.au).

A report containing draft recommendations will be released in the **first week of May 2026**, with an opportunity for stakeholders to provide further feedback.

The final report will be presented to the Customer Owned Banking Association on **30 June 2026**.

Full details on how to participate in this review, including how to make a submission, are set out in Section 1 of this consultation paper.

### HOW SUBMISSIONS AND EVIDENCE WILL BE EVALUATED

All forms of contribution to this review—whether individual experiences, organisational submissions, data analysis, or expert perspectives—will be carefully considered and valued for the insights they provide.

This review will draw on both qualitative and quantitative evidence to understand how the Code operates in practice. Individual case studies reveal how Code provisions affect real people in specific circumstances. Broader data on complaint volumes, breach reports and customer outcomes helps assess whether particular issues are widespread or exceptional. Both perspectives are necessary to form a complete picture.

The Independent Reviewer will examine the evidence holistically, considering the severity of individual harms alongside the prevalence of issues across the sector, to determine where Code reform may be warranted. The goal is to ensure that recommendations reflect the diverse experiences of customers, staff and institutions across the customer-owned banking sector and are grounded in evidence of actual impact.

## CONSOLIDATED LIST OF CONSULTATION QUESTIONS

### ABOUT THE CUSTOMER OWNED BANKING CODE OF PRACTICE

1. Where does the Code align with or diverge from contemporary regulatory, policy and industry expectations in consumer protection, and are any divergences appropriate for the customer-owned banking sector?
2. How can contemporary regulatory, policy and industry expectations be adopted in the Code to reflect the size and scale of the customer-owned banks, allowing for flexible and proportionate application, without duplicating legal obligations?

### EFFECTIVENESS OF THE CODE

1. How effective is the Code's promise-based structure in delivering clear, enforceable protections that shape bank behaviour?
2. Where do principles-based provisions work well, and where would greater specificity strengthen protections and enforcement?

### EXPERIENCES OF FINANCIAL HARDSHIP

1. How effective and credible is the current Code in delivering timely, accessible and compassionate hardship support for individuals and small business customers in practice?
2. What changes (if any) to the design or focus of the Code could improve hardship outcomes for customers, while remaining practical for institutions of different sizes?

### SMALL BUSINESS BANKING EXPERIENCES

1. How well do the Code's small business provisions work in practice, and where do gaps or challenges exist?
2. What changes (if any) to the Code would better support small business customers while remaining practical for customer-owned banks of different sizes?

### EXPERIENCES OF VULNERABILITY AND SAFETY

1. How effectively does the Code support customers experiencing vulnerability (including family violence, cognitive decline, disasters and intersecting vulnerabilities), and where do gaps or inconsistencies exist in protections or implementation?
2. What changes (if any) to the Code would strengthen commitments to and support for customers experiencing vulnerability? What aspects of the current approach work well and should be retained?

### FIRST NATIONS PERSPECTIVES ON BANKING AND THE CODE

1. How does the Code support inclusive, accessible, and culturally safe banking for First Nations customers?
2. What changes (if any) to the Code would improve outcomes for First Nations customers? What considerations should inform the development of any new standards or commitments to ensure they are both meaningful and practical for institutions of different sizes?

## DIGITAL BANKING, TECHNOLOGY AND SERVICE CONTINUITY

1. How does the Code address customer impacts of digital banking, technological change and service transitions (including mergers and system changes)?
2. What changes (if any) to the Code would better support customer-owned banks in managing the customer impacts of digital change and service transitions? How can the Code balance supporting innovation while maintaining appropriate access, inclusion and continuity of service?

## FLEXIBILITY, PROPORTIONALITY AND CONSISTENCY

1. In what ways (if any) does the Code reflect the distinctive character of customer-owned banking? What opportunities exist to strengthen the Code's role in demonstrating the sector's customer-focused model while maintaining clear, enforceable standards?
2. How effectively does the Code balance minimum consumer protections with proportionality for different-sized institutions? Where does flexibility support appropriate tailoring, and where does it create risk of inconsistent customer outcomes?

## GOVERNANCE, MONITORING AND ASSURANCE

1. How effective are current governance, monitoring and resourcing arrangements in delivering the Code's objectives? Are breach reporting requirements generating reliable, consistent data that enables meaningful analysis and what improvements are needed?
2. What opportunities exist to strengthen Code governance through alignment with other code compliance models while maintaining proportionality for the customer-owned banking sector?