



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

2 April 2026

Ms Eva Scheerlinck

Independent Reviewer

Independent Review of the Customer Owned Banking Code of Practice

via email: code@coba.asn.au

Dear Ms Scheerlinck

Independent Review of the Customer Owned Banking Code of Practice

The Australian Small Business and Family Enterprise Ombudsman welcomes the opportunity to make a submission to the Independent Review of the Customer Owned Banking Code of Practice (the Code). The review provides an important opportunity to assess the Code's service standards and supports for its customers in today's environment, including small businesses and those experiencing vulnerability or financial hardship, helping the Code to remain contemporary and allow for subscribers to identify and address issues more effectively.

Small businesses make a critical contribution to the Australian economy:

- approximately 97% of all Australian businesses are small businesses
- 39% of the private sector workforce are employed by small business
- approximately one-third of Australia's GDP is attributable to small business¹
- 92% of small businesses have a turnover of less than \$2 million.²

This highlights that most Australian small businesses operate on a small or micro scale with resources and capabilities that differ markedly from those of larger enterprises.

Changing environment for banking services

Since the last review of the Code, expectations for scam prevention and for support to customers experiencing vulnerability have increased. Scams have become more sophisticated, making them harder to detect, and they are spreading faster, leading to greater losses.

The ASBFEO notes ongoing efforts to help the banking sector combat the rise in scams and improve customer protection and support through the industry-led Scam-Safe Accord and the Australian Government's Scams Prevention Framework. Together these initiatives aim to prevent, detect, report, disrupt, and respond to scams.³

There has also been increased focus on how institutions support people experiencing vulnerability. Vulnerability can affect an individual's ability to act on advice, engage with services, or meet financial obligations. Ensuring banks have strong protections in place for customers

¹ Australian Small Business and Family Enterprise Ombudsman (ASBFEO), *Small Business Data Portal: Number of small businesses in Australia; Contribution to Australian Gross Domestic Product; Contribution to Australian Employment*, ASBFEO, 2025, accessed 18 March 2026.

² ASBFEO, *Number of small businesses in Australia*, ASBFEO, 2025, accessed 18 March 2026.

³ COBA, *Banks unite in the fight against scammers* [media release], COBA, 24 November 2023, accessed 10 March 2026.



experiencing vulnerability, and that they respond with empathy, remove barriers to access and provide tailored support, is critical to achieving fair outcomes.

Small business operators can themselves experience vulnerability both in their personal context and in the context of their business operations when dealing with larger organisations or where there is a power imbalance and/or information asymmetry.

Where a small business operator is experiencing vulnerability in their personal context, it is common for it to significantly impact their small businesses. This is in addition to the impact within their personal life.

Given this context, we provide the following recommendations for your consideration.

Recommendation 1: Amend the definition of small business to align with the Banking Code of Practice

We suggest that the Code align its small business definition with the Banking Code of Conduct's test which defines a small business as:

A Business customer is a "Small Business" if the customer, or its Business Group (if applicable):

(a) had an annual turnover of less than \$10 million in the previous financial year; and

(b) has fewer than 100 full-time equivalent employees; and

(c) has less than \$5 million total debt to all credit providers (other than debt to which the National Credit Code applies, and without double counting, debt owed between members of a Business Group) including:

i) any undrawn amounts under existing Loans; and

ii) any Loan being applied for.

Aligning the definition in both Codes would promote consistency for customers and minimise confusion, particularly for small businesses moving between major banks and customer-owned banks. It would also provide greater clarity about the level of protections available.

We note that the Australian Tax Office applies a small business threshold of less than \$10 million in annual turnover, while the Australian Financial Complaints Authority applies a threshold of 100 employees or fewer. A definition that includes both criteria would help clarify eligibility and ensure consumers access protections from either agency.

Recommendation 2: Strengthen the Code's protections for people facing vulnerability

Small business owners can face similar vulnerabilities and need an equivalent level of protection and support as consumers. To align the Code with evolving expectations, the Customer Owned Banking Association (COBA) should strengthen its protections for customers experiencing vulnerability, including making clearer the requirements for staff capability and consistent service responses.

In strengthening protections COBA should draw upon industry best practice. For example, the Australian Banking Association's (ABA) 2024 *Extra care for customers experiencing vulnerability – industry guidance* sets out how member banks should take extra care with customers in vulnerable circumstances, train staff to respond to signs of financial abuse, and improve access to



support.⁴ International standards like *ISO 22458 Consumer Vulnerability* also provide a benchmark for fair treatment.

The current Code requires that staff be trained to proactively identify indicators of financial difficulty and abuse. Strengthening the Code by requiring standalone, tailored vulnerability training for staff would help build their capacity to identify and provide support for customers facing vulnerability (including financial hardship and financial abuse indicators).

Recommendation 3: The Code should include a section on scams prevention

We recommend that the Code include a dedicated section on scams, reflecting the commitments or obligations under the Scam-Safe Accord and Scams Prevention Framework.

Small businesses, like consumers, are vulnerable to scams, with reported losses of \$13.7 million in 2022.⁵ By reflecting the commitments or obligations in the Code, the adoption of measures to prevent, detect, disrupt and respond to scams affecting small business customers would be encouraged, which in turn would support compliance with the Scam-Safe Accord and the Scam Prevention Framework.

Recommendation 4: The Code should include a section on branch closure protocols

The 2022 Federal Government Regional Banking Taskforce inquiry into branch closures recommended that the ABA review and strengthen its Branch Closure Protocol and introduce a Customer Care Standard by mid-2023. These measures were intended to improve communication and support for customers when a regional bank closes or their hours are permanently and materially reduced.⁶

In response to this recommendation, the ABA introduced a new Bank Closure Support Protocol to govern the steps banks should follow when closing branches.⁷ The Banking Code Compliance Committee is currently reviewing how banks have communicated and engaged with affected customers and communities, and how they have met the requirements of the Protocol for those closures. We encourage COBA to engage with this inquiry and to adopt similar practices in its own Code.

Introducing Branch Closure Support Protocols within the Code that requires subscribers to consult with affected customers and community stakeholders when they undertake a branch closure, would enable COBs to assess its impact on the community, consider alternative arrangements and their impact on small businesses, and reduce disruption for small business customers.

While branch closures may be commercially unavoidable, we note two initiatives aimed at supporting access to banking services in regional and remote areas:

⁴ Australian Banking Association (ABA), *Extra care for customers experiencing vulnerability – industry guidance*, ABA, 14 November 2024, accessed 12 March 2026.

⁵ National Anti-Scam Centre (NASC), *Targeting Scams – Report of the National Anti-Scam Centre on scams data and activity 2024*, NASC, 11 March 2025, accessed 13 March 2026, p 30.

⁶ The Treasury, *Regional Banking Taskforce – Final Report*, The Treasury, September 2022, accessed 19 March 2026, p 4.

⁷ ABA, *New Branch Closure Support Protocol – banking industry to better support customers of closing branches*, [media release], ABA, 23 June 2023, accessed 18 March 2026.



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

- The Regional Banking Investment Alliance is currently advocating for a cost-sharing model that establishes a commitment to invest in regional and rural face-to-face banking services.
- COBs have been collaborating with local councils and communities to maintain access to banking in regional areas, while reducing their operating costs. This includes hosting branches in the council offices, and forming joint ventures with community-based organizations to operate branch locations.⁸

Recommendation 5: Strengthen Code requirements for COBA members using Bank@Post services

Bank@Post allows customers of subscribed banks to access a limited array of banking services through Australia Post, which plays a vital part in providing banking services across Australia, particularly in regional or remote Australia.

However, a February 2026 joint report by the Banking Code Compliance Committee (BCCC) and the Customer Owned Banking Code Compliance Committee (COB CCC) found that three COBs either did not have any information about Bank@Post services on their websites, or the information was very limited,⁹ and that further work is required by banks to improve their engagement with Bank@Post.

The Code should therefore be amended to include clear requirements for COBs to provide information about their Bank@Post services on their website and ensure that small business customers are protected by the Code, including requiring a review of training materials Australia Post uses to train its staff for Code-compliant service delivery.

If you require any further information, please do not hesitate to Policy and Advocacy team via email at advocacy@asbfeo.gov.au.

Yours sincerely

Lynda McAlary-Smith

Australian Small Business and Family Enterprise Ombudsman

⁸ KPMG International Limited (KPMG), Sector *Impact assessment of Customer Owned Banking in Australia*, KPMG, 2023, accessed 10 March 2026, p 13.

⁹ BCCC & COB CCC, *Code compliance in Bank@Post services*, BCCC and COB CCC, February 2026, accessed 11 March 2026, p 8.