

7 April 2026

Ms Eva Scheerlinck
Independent Reviewer

By email: evascheerlinck@gmail.com

Dear Ms Scheerlinck

Independent Review of the Customer Owned Banking Code of Practice

COBA welcomes the opportunity to respond to the independent review of the Customer Owned Banking Code of Practice 2022 (the Code). Thank you for your engagement with COBA and our members throughout this consultation.

The Code represents a clear and public commitment by the customer-owned banking sector to high standards of conduct and customer outcomes. As the operating environment for customer-owned banks continues to evolve, regular reviews are essential to ensure the Code remains relevant, effective, and responsive to the needs of both subscribers and their customers.

The Code is also an important mechanism for self-regulation that reflects the distinct nature of the customer-owned banking sector, the communities it serves, and the typically simpler, lower-risk products it offers. In this context, COBA supports measures that maintain high standards of consumer protection while also reducing unnecessary complexity and enabling outcomes-focused implementation.

At the centre of this distinction is the mutual ownership model. Customer-owned banks are owned by their customers and do not operate to generate returns for external shareholders. This creates a direct alignment between the interests of the institution and its members, with profits retained and reinvested to deliver customer value through pricing, service and long-term sustainability.

This structural alignment supports a relationship-based approach to banking that prioritises trust, financial wellbeing and fair outcomes. It also means that customer-owned banks approach risk, product design and customer service differently to larger, shareholder-owned institutions – an important consideration in the design and application of the Code.

Key Points

Customer-owned banks have a unique ownership model and exist only to serve their customers, rather than external investors.

As owners, **customers have a direct voice in governance**. Each member has an equal vote ('one member, one vote'), creating a truly democratic structure which ensures the bank remains accountable to its members and the community within which it exists.

COBA supports **simplification of the Code** to support consumer accessibility and facilitate adaptation to different systems, technologies and the changing regulatory landscape, without weakening consumer protections.

Regulatory settings must be **proportionate to risk** and better **articulate the sector's point of difference**, reinforcing the value of the customer-owned model.

Targeted uplift is supported where it improves consumer outcomes, including in areas such as financial abuse.

At the outset, it is important to recognise that different banking models can give rise to different consumer needs and risk profiles. Obligations designed for larger and more complex banking models may not always be the most appropriate way to achieve good consumer outcomes in all contexts.

Appendix A (Part 1) explains how the mutual model contributes to positive consumer outcomes.

COBA supports improvements to the Code that deliver positive practical outcomes for consumers. To achieve this, commitments should tackle specific and clearly defined issues, rather than vague or undefined issues. COBA also recommends that amendments to the Code provide sufficient flexibility to allow subscribers to focus on the outcome – namely, better services and protections for consumers – in a way that is meaningful for each member's specific customer base. COBA further outlines considerations for the reviewer in both Appendix A (Part 2) and in **Appendix B**.

A well-functioning Customer Owned Banking Code Compliance Committee (COBCCC) is important to preserve the integrity and reputation of the industry code. As this is the first review of the COBCCC, COBA provides some constructive feedback in Part 3 of Appendix A on potential areas for consideration. This includes changes to the COBCCC's governance as well as some streamlining of its functions to ensure that it is efficient and effective. We consider that, with some targeted changes, the COBCCC should be well placed to effectively maintain oversight over Code compliance.

COBA looks forward to receiving the final report and its recommendations by mid-2026, and reviewing the feedback provided by key stakeholders.

Thank you for taking the time to consider our submission. If you have any queries, please contact Robert Thomas, Senior Manager Policy at rthomas@coba.asn.au.

Yours sincerely



MICHAEL LAWRENCE
Chief Executive Officer

Appendix A – COBA’s views on the Customer Owned Banking Code of Practice

Part 1: What is customer-owned banking?

The mutual business model

Customer-owned banks are fundamental to a diverse, thriving and competitive retail banking market in Australia. Our sector serves over 5 million Australians and provides a distinct alternative to investor-owned banks, offering consumers purpose-led banking that puts people and communities first.

Customer-owned banks are part of the wider Australian co-operative movement, with over 1,819 active co-ops and mutuals in Australia with a combined 34.8 million memberships. These organisations play a vital role in the economy. With a combined turnover exceeding \$163.3 billion, Australia’s co-ops and mutuals demonstrate significant economic strength.¹

As customer-owned financial co-operatives, COBA is also a member of the World Council of Credit Unions (WOCCU). This affiliation enables us to advocate for policies that support credit unions, and mutual banks, leverage global insights, and participate in knowledge-sharing initiatives that enhance the competitiveness and resilience of its members.

WOCCU also works to advance financial inclusion through the credit union and co-operative model by engaging in international advocacy, development, education and networking that empowers underserved populations, and promotes more equitable and resilient communities. Membership with WOCCU connects our members to a global network of more than 50 national and regional credit union associations representing over 60,000 credit unions with more than 270,000,000 members in 80+ countries.

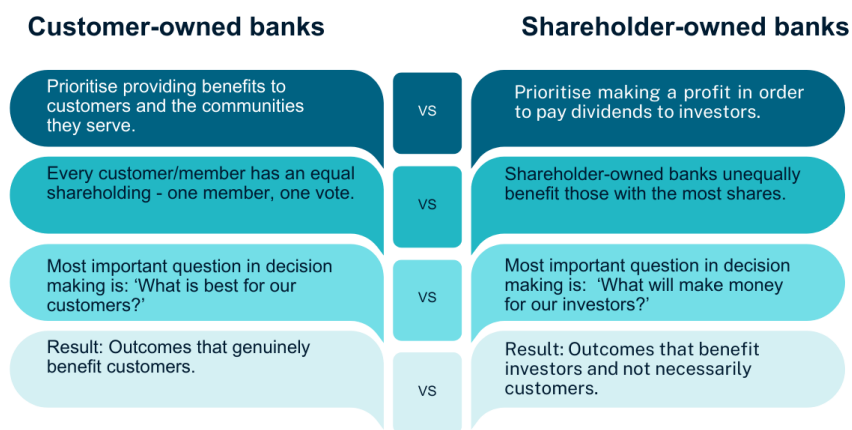
A different perspective on banking

Customer-owned banks are owned by their customers and operate with a distinct purpose: to prioritise the interests of the people and communities they serve, rather than the payment of dividends to external investors. This model enables customer-owned banks to focus solely on providing value and service to their members.

This mutual structure fundamentally shapes how value is created and shared. Without the competing pressure to generate returns for external shareholders, profits are retained and reinvested for the benefit of members – through better rates, lower fees, improved services, and stronger financial resilience. This alignment between ownership and service supports a long-term, relationship-based approach to banking that prioritises sustainable outcomes over short-term gains. In practice, it promotes trust, financial wellbeing, and fairer consumer outcomes – objectives that are central to the Code.

¹ Business Council of Cooperatives and Mutuals, *National Mutual Economy Report 2024*, <https://bccm.coop/wp-content/uploads/2024/06/2024-NME-Report-web-version.pdf>.

Figure 1: The customer-owned banking difference



The mutual governance structure reinforces this alignment by giving members a direct voice in how their institution operates. Through a 'one member, one vote' model, customer-owned banks are accountable to their customers and the communities they serve. This enables decisions that consider broader social and economic wellbeing, rather than purely commercial drivers, and supports the delivery of products and services that genuinely meet customer needs.

Customer-owned banks operate with a distinct purpose: to uphold the principles of mutuality by serving their members and communities. This commitment goes beyond offering financial products; they actively contribute by investing in their communities, creating jobs and providing crucial services. Customer-owned banks are much more than banks, but a sustainable, for-purpose businesses that are deeply invested in the well-being of the communities they serve.

Serving community needs

Customer-owned banks have a long history of serving specific communities, often formed to meet the needs of groups that were not well served by mainstream financial institutions. Many continue this mutual legacy today by tailoring their products, services and support to the unique circumstances of the communities they represent.

This includes institutions that focus on supporting defence personnel and veterans, frontline emergency services workers, teachers, and other essential service professions, as well as those that serve Indigenous Australians and regional and remote communities. By understanding the particular financial challenges and priorities of these groups, customer-owned banks are able to design offerings that are accessible, relevant and responsive to their needs.

This community-based approach strengthens trust and long-term relationships between financial institutions and the people they serve, supporting better consumer outcomes across diverse segments of the community.

Traditional Credit Union

Australia's only indigenous-owned financial institution Traditional Credit Union's mission extends to offer training and employment opportunities for young First Nations people. The customer-owned bank also runs Centrelink and Medicare agencies in various communities, ensuring essential government services reach remote areas.



Dnister Ukrainian Credit Co-operative

Dnister Ukrainian Credit Co-operative has been actively supporting Ukrainians uprooted by war. Recognising the challenges faced by those fleeing their homes, Dnister has not only streamlined the account application process with a dedicated form for those still travelling but also developed comprehensive online resources in Ukrainian about the Australian banking system and available community support.

Defence Bank

The Defence Bank Community Dogs program supports serving and ex-serving Australian Defence Force (ADF) members who are living with injuries or illnesses, such as post-traumatic stress disorder (PTSD). The initiative is the only independent program in the country that rescues and trains dogs to support veterans with the conditions they may be experiencing. It offers veterans the opportunity for rehabilitation and reconnection with the community.



Beyond Bank

Beyond Bank has transformed its branches into safe havens for victims of family and domestic violence, including financial abuse. Victims can use meeting rooms in branches to meet with lawyers or support workers. This means that if the abuser is tracking the victim through their phone, it appears they are 'just' visiting a bank. The bank also has a discreet call-back service where victims can ask for financial support.

Part 2: Key elements of a revised Code

Complement Australia's regulatory framework

The Code operates as a complementary layer within Australia's broader financial services regulatory framework. COBA believes that a clear articulation and understanding of how the Code complements the regulatory framework will strengthen confidence among regulators, key stakeholders, and the broader community in the effectiveness of industry self-regulation. This means that the Code should:

- build on compliance with existing legal obligations, rather than duplicating them
- align with the expectations of key regulators regarding consumer outcomes, fairness and accessibility to financial services, and
- provide additional practical protections in areas where legislation may not fully address customer experience or emerging risks.

Simplification

COBA supports further simplification of Code provisions to improve clarity, accessibility and usability for both consumers and subscribers without compromising consumer outcomes. We highlight work commissioned by ASIC as part of its Regulatory Simplification work [Regulatory Simplification Context Paper](#). In the paper, the authors highlight the difference between simplification and deregulation, and we believe a similar approach should be applied to Code simplification:

It is important to distinguish simplification from 'deregulation', as the latter term is sometimes used to refer to 'watering down obligations, or weakening consumer protections' ... There can be an overlap between simplification and deregulation where the process of simplification results in the removal of unnecessary regulations. However, a key objective of regulatory simplification is to ensure that the existing policy of the regulator is expressed clearly and coherently and that interactions between the regulated community and the regulator are as efficient as possible.²

COBA believes that the Code can be simplified to provide subscribers flexibility in its application to support its adaptation to different systems, technologies and the changing regulatory landscape. Simplification would ensure that Code obligations are expressed clearly and coherently, reduce duplication, be easy to understand and implement, all while maintaining strong consumer protections. The Code's focus should be on delivering positive customer outcomes, informed by an evidence-based approach where possible. As such, we recommend against an approach that mandates detailed processes, as this would be challenging and unworkable given the diversity of COBA's member base, and the communities they serve.

Examples of opportunities to simplify the Code include:

- **Plain language:** Using clear, consistent and accessible language to ensure that consumers, their representatives and subscribers can all understand, apply and interpret obligations.
- **Duplication:** Removal of any duplication of existing legal obligations or statement of compliance with existing regulatory frameworks.
- **Improved consistency:** Subscribers have highlighted that the Code includes both a principle-based approach in some paragraphs and a more detailed regulatory approach in others that is akin to regulatory guidance. The Code could benefit from a more consistent approach throughout the document or further separation between principles and detailed guidance.
- **Grouping of themes:** This would make the Code easier to navigate for both consumers and subscribers. For example, information around guarantors is across several sections of the Code and it may be more appropriate to create a separate section titled 'Guarantors'.

² Andrew Godwin and Ian Ramsay AO, [Regulatory Simplification Context Paper](#) (3 September 2025), 4.

- **Technology neutrality:** We encourage recommendations to focus on the desired consumer outcome with sufficient flexibility to support subscribers to operationalise requirements. Careful consideration should be given to how any Code changes are operationalised, especially when considering changes to provisions of the Code that mandate additional requirements that are above regulatory requirements (for example, response timeframes). Such changes may need bespoke system amendments including changes to off-the-shelf technology solutions to meet Code requirements.

Proportionality and an outcomes-based approach

COBA supports a proportionate approach to the application of Code obligations that reflects the diversity of the customer owned banking sector. For clarity, proportionality does not mean lower standards of consumer protection. Instead, the Code should aim to achieve consistent customer outcomes across all subscribing institutions, while allowing flexibility in how these outcomes are delivered.

A proportionate, outcomes-based approach would:

- focus on the quality of customer outcomes rather than prescriptive processes
- allow flexibility in implementation, particularly for smaller institutions
- support innovation and responsiveness to customer needs, and
- reduce unnecessary compliance burden that does not contribute to improved customer outcomes.

Code subscribers highlight the importance of considering proportionality early in developing regulations and regulatory documents, including in self-regulation such as the Code. We encourage the independent reviewer to recognise the features of customer-owned banks (including their risk profile, size, the diverse range of our member banks and the communities they service) and in developing recommendations.

Customer-owned banks have a fundamentally different risk profile to investor-owned banks. First, customer-owned banks offer basic banking products in established markets, and do not engage in high-risk lending. Most participate exclusively in retail banking, with some larger institutions lending to small and medium businesses. Second, the mutual governance model requires an exclusive focus on the interests of customers, eliminating the inherent conflict between serving customer needs and maximising profits for shareholders.

The application of unnecessary and burdensome regulation carries a substantial opportunity cost as valuable resources are channelled towards meeting compliance requirements that may not directly translate into consumer outcomes, instead of being reinvested into improved products and services. When applied appropriately, regulation – including self-regulation – can benefit consumers by creating a more diverse and competitive banking sector, without compromising our shared interest in a strong and stable banking system.

Mutuality as a point of difference

Subscribers are supportive of the Code being used to demonstrate the point of difference and benefits of the customer-owned banking sector. This may include in the Code references to ownership structure, voting rights and links to local communities. This should be separate to the specific binding Code clauses aimed at creating consumer obligations but will form an important part of customers' understanding their rights and benefits as a member of a customer-owned bank.

Principles-based approach versus detailed expectations

When consulting with subscribers, we have considered whether the Code should adopt a principle-based approach instead of detailed expectations. Some subscribers have highlighted that details in some Code paragraphs are important as they are able to be operationalised and enforced. Paragraphs can include details without being overly prescriptive, such as by using technology neutral language to encourage flexibility and innovation.

Some subscribers have also suggested that a broad principle-based approach will only work if there is specific guidance on each principle to support compliance. This guidance could be set out in separate documents that do not form part of the Code. For example, one potential model could comprise:

- **a core Code** containing principles and minimum enforceable obligations, and
- **supplementary guidance** issued separately to support interpretation and implementation.

Another possible approach is to refocus the Code around two objectives: building consumer trust (that is, what are our promises as a mutual sector), and better practices subscribers will adopt in areas where consumer experience shows that existing legislation and regulatory frameworks are not providing sufficient protection. These areas should be supported and evidenced to demonstrate consumer harm (for example, through complaints data). This would allow customer-owned banks to focus resources on addressing key consumer issues.

COBA has not formed a firm position on a preferred approach as continued conversation is required both within the sector and with external stakeholders. A shift to a principles-based approach would be a departure from what is the current practice among other industry Codes of Practice. Therefore, any such move would need ongoing conversations with regulators, consumers, and consumer groups to clearly understand what expectations would be with this approach and how it would work in practice.

If a pure principles-based approach is not adopted, there could still be a pathway where more flexibility, proportionality and simplification is brought to the Code while still maintaining clear expectations. As long as customer-owned banks continue to operate in a complicated regulatory environment, it is likely that there will continue to be a desire for more guidance on what industry best practice is. This guidance could be provided by the COBCCC through its ongoing work, or possibly through guidance issued by COBA.

Vulnerability

Customer-owned banks have demonstrated considerable uplift in their response to vulnerability and financial abuse over recent years. For example, around half of COBA's members have changed their terms and conditions to make it clear that financial abuse is unacceptable.

Members have also made changes to training and processes to support customers experiencing vulnerability. In January 2026, COBA joined forces with Flequity Ventures, the Australian Banking Association, the Australian Finance Industry Association and the Australian Retail Credit Association to prevent financial abuse with the launch of the Financial Safety Alliance. The Alliance will provide lenders with the tools to integrate financial safety by design principles into their products and services to minimise weaponisation and provide victim-survivors with additional support.

In December 2025, COBA updated [our website](#) to include information about areas of vulnerability such as hardship and financial abuse to assist both consumers and our members.

COBA supports targeted uplift in vulnerability related paragraphs. For example, the following measures may be appropriate for incorporation into the Code:

- a commitment to include terms and conditions that reference financial abuse and outline the steps the bank may take in addressing suspected financial abuse
- displaying easy to find information on subscriber websites relating to powers of attorney, financial abuse and financial abuse of older Australians, including where to seek help, and
- including deceased estate information on subscriber websites setting out the steps and supporting documents required when dealing with a loved-one's estate.

COBA supports an outcomes-focused approach that ensures customers experiencing vulnerability receive appropriate, timely and effective support. However, we do not support prescriptive and detailed expectations that limit flexibility or innovation or may not reflect the realities of customer interactions in a bank setting. COBA is open to suggestions from stakeholders on further practical improvements to the Code, beyond the examples provided above, that align with this approach.

Some factors the independent reviewer should consider regarding the potential for additional vulnerability measures include:

- **Avoiding overly prescriptive requirements:** Overly prescriptive paragraphs may lead to 'overstepping' by front-line teams. It is important to recognise that subscribers' front-line teams have specific roles and qualifications and should act within the parameters of their role. A more appropriate course of action could be referral to specialist support services.
- **Customer aggression:** It is important to highlight that due to a variety of factors, including cost of living pressures, front-line team members are experiencing increasing levels of aggression in branch settings and over the phone, and that front-line teams are entitled to be treated with respect and dignity in all interactions.
- **Privacy:** Customers are entitled to privacy when providing instructions to their bank. Careful consideration should be given to how this interacts with any vulnerability provisions in the Code as there are privacy barriers faced by front line teams that can limit the actions banks can take in cases of suspected financial abuse. For example, in cases involving the suspected financial abuse of older Australians, where the victim-survivor is not a customer, subscribers may breach privacy laws if they alert other banks or authorities.
- **Transient nature:** Vulnerability may be situational and transient and there is not a single approach that would apply to each case.
- **Third party systems and legacy systems:** Customer-owned banks rely on third party suppliers and may have legacy systems which may inhibit the ability to adopt technological solutions to meet specific obligations. Any expectations in the Code must reflect these arrangements and the diversity of systems in use across Code subscribers.
- **Weaponisation of provisions:** The vulnerability provisions do not provide exclusions or address alternative subscriber rights where the subscriber has a reasonable belief that the provisions are being weaponised by a perpetrator.
- **Paid representatives:** Consideration should be given to excluding paid representatives, such as debt management firms, in cases where they may not be acting in the best interest of the customer.

Scams

COBA recognises the ongoing challenges for consumers from the increasing prevalence of scams, as evidenced by the sector committing to the Scam-Safe Accord in 2023 to deliver uplifted protections for our customers.³ COBA is also working closely with the Government and other stakeholders to design and implement the Scam Prevention Framework (SPF) which takes an ecosystem approach to combatting scams across the entirety of the scam chain.

As highlighted above, the Code is an appropriate place for industry to make commitments that go beyond the law or fill in gaps. However, as the SPF Codes have not been finalised, the exact nature of these obligations is not yet known. As such, COBA recommends against the inclusion of further scam protections in the current review, noting a substantial cross-industry uplift is already underway.

However, COBA welcomes feedback from stakeholders on what they are observing regarding scams to inform our understanding of the challenges being faced.

Clarity in Code application

The Code is intended to apply to retail customers with the aim of providing meaningful uplift in standards for these customers. However, there is currently some ambiguity in the Code that could allow for a wide application of the Code to include wholesale customers. This means that customer-owned banks may be applying conditions to their wholesale customers that are:

- out of step with industry practice,
- burdensome in requiring a broader application beyond its intended target, and
- potentially creating negative experiences for wholesale customers may not need or want the same services as may be provided to retail customers.

COBA suggests that clarity should be brought to the Code to remove this ambiguity and clarify that the Code obligations only apply to retail customers.

³ <https://www.customerownedbanking.asn.au/banks-unite-in-the-fight-against-scammers/>.

Part 3: Governance, Monitoring and Assurance

COBA recognises that an effective COBCCC is important in supporting the delivery of the Code's objectives. We consider that the COBCCC has been functioning well but opportunities exist for targeted improvements that could be made to streamline certain functions and ensure that the COBCCC delivers as intended.

Role and composition

Role

The COBCCC's role is to maintain oversight of subscribers and ensure compliance with Code obligations. Through its oversight, the COBCCC identifies and recommends areas of improvement by subscribers both as individuals and as a collective. However, unlike government regulators, the focus should not be narrowly focused on simple technical compliance but rather aim to help subscribers meet commitments and identify industry best practice.

Composition

The current composition of the COBCCC with an independent Chair, an Industry Representative, and a Consumer Representative is effective at enabling the representation of different views while also ensuring the Committee's independence. COBA believes that the mechanisms for selecting each of the Committee members has been successful at selecting high quality committee members. However, COBA is open to exploring options to achieve greater alignment in appointing procedures with other Code Compliance Committees if it will streamline processes and help lower the administrative burden for the secretariat.

An area for improving governance is to adopt a more orderly process for renewing the COBCCC's membership. The most recent renewal of the COBCCC occurred over 2025-2026, which saw all three members replaced in a 13-month period. A rapid renewal like this could potentially lead to poorer governance outcomes due to the loss of corporate knowledge.

A more desirable outcome would be for regular renewal of the Committee membership where a single term is completed every 12 months. Simplification could also be achieved if the terms of all three members ended and started on the same day. We propose the last day of February as the completion date and the 1st of March for commencement. The simplest way to achieve this would be one-off adjustments, of varying lengths, to the current terms of all three members to achieve a more orderly process of renewing the Committee.

Table 1 outlines how COBA proposes this could be achieved; however, we are open to alternative options to achieve a similar outcome.

Table 1: Proposed amendments to Committee member terms

Committee member	Appointment 1st term	Current 1st term expiry	Adjusted 1st time expiry	Adjusted 2nd term appointment	Adjusted 2nd term expiry
Independent Chair	19 February 2025	18 February 2028	29 February 2028	1 March 2028	28 February 2031
Industry Representative	1 January 2026	31 December 2028	28 February 2029	1 March 2029	28 February 2032
Consumer Representative	1 March 2026	28 February 2029	28 February 2030	1 March 2030	29 February 2033

Functions and powers

Functions

The core function of the COBCCC is to monitor the compliance of Code subscribers, which is undertaken through data collection and analysis, and conducting own-motion inquiries. The inquiries provide an important mechanism for the COBCCC to better understand current practices so it can identify best practice and make recommendations for improvement.

Part C of the Code outlines the functions and powers of the COBCCC, with many of these provisions being fairly standard across industry Codes of Practice. However, COBA considers that there is an opportunity for further streamlining by adopting more standardised practices across the various Code Compliance Committees. This should lower the administrative burden on the secretariat by removing the vagaries of different Committees, ensuring they all operate on a similar basis, and freeing up resources to focus on core work. COBA does not necessarily hold out one specific Code of Practice as representing the best approach but considers this review could act as a starting point for industry associations to iteratively move towards a more standardised approach.

An important step towards achieving this would be to move many of the Part C provisions into the COBCCC Charter, and out of the substantive code. Such an approach would:

- focus the Code purely on matters relevant to consumers
- reduce the administrative burden associated with future amendments
- assist in the gradual migration towards industry standardisation, and
- remove the need for future amendments to this section to undergo the same regulatory approval processes as for substantive consumer protections contained in other Code provisions.

COBA understands some stakeholders may be concerned that moving Part C out of the Code carries risk as it reduces oversight of potential changes. In this respect, we note that any amendments to the Charter would still need to be made with the agreement of the COBCCC. In addition, if significant changes are proposed, then stakeholders, including ASIC and consumer groups, would still need to be consulted. Finally, we note that even where a Code is not authorised by ASIC, the agency is still the regulator of industry Codes of Practice and would have options for regulatory action if necessary. On this proposal, COBA points to a similar change being made to the Banking Code of Practice (BCOP) and Banking Code Compliance Committee (BCCC) Charter in early 2025.

Data collection and use

Data collection is an important intelligence tool for the COBCCC as it seeks to identify areas where systemic issues or problems may arise. COBA supports this function for the COBCCC; however, we believe that targeted improvements could be made on the collection and use of this data.

Collection

The COBCCC collects two forms of data from subscribers: complaints; and Code breaches.

COBA considers that ASIC's collection of complaints data means that the COBCCC's collection process is duplicative and unnecessary. This function of the COBCCC pre-dates ASIC's current process and is no longer required. COBA acknowledges the COBCCC's efforts to reduce this burden by aligning its definitions as closely as possible with ASIC. However, COBA believes that this highlights the duplicative nature of the reporting. We consider that it would be simpler for the COBCCC to obtain this data directly from ASIC rather than requiring all subscribers to report the same data twice. This is consistent with broader efforts to reduce duplicative data collection across regulators.

Code breach reporting is an essential part of the COBCCC's function, and COBA acknowledges the efforts made by the COBCCC to educate subscribers on Code breach reporting to improve subscriber

reporting. We believe, however, that streamlining could be considered in this space to ensure, where appropriate:

- alignment with ASIC's reportable situations regime
- removal of any duplication, and
- further standardisation in breach reporting provisions and practices across industry Codes of Practice.

Greater guidance could also be provided to subscribers on the level of information that is required for breaches, especially for technical breaches or breaches with minor impact. COBA notes ASIC has also recognised the need to reduce the reporting burden in its reportable situations regime by providing guidance and targeted exemptions for minor matters that do not need to be reported.

Additionally, further improvements could be made to better capture the scale of breaches and their relative severity. Concerns exist among some subscribers on how other subscribers may be defining breaches, which may in turn impact on the quality of the data. This suggests continued uplift is needed to ensure more consistency in reporting and guidance from the COBCCC what constitutes a breach and how to quantify the scale would be helpful to achieve greater consistency in reporting by subscribers.

Use

In general, many Code subscribers find the COBCCC data reports to be useful in identifying some of the trends that are occurring in the sector and for benchmarking. COBA believes that the COBCCC should make greater use of data and metrics to set benchmarks to assess the Code's effectiveness. Adopting targeted benchmarking could support continuous improvements by subscribers and demonstrate the value of the Code to regulators and stakeholder. This could include:

- analysis of complaints data
- monitoring outcomes for customers experiencing vulnerability, and
- identifying trends and areas for improvement.

Further improvements that could be explored include a greater focus on trends and issue insights. This would be useful for consumers seeking to understand the challenges facing customer-owned banks and for subscribers to help identify and address issues. COBA notes that COBCCC inquiry reports are generally well received by subscribers as being helpful in identifying issues and for sharing insights on how banks can improve practices. COBA suggests that the COBCCC could look for opportunities to take a similar approach in how it uses and reports on the data it collects.

Complaints received by the COBCCC

COBA believes that further improvements could be made on how the COBCCC reports on complaints that it receives directly from consumers, and which are currently reported on in its Annual Reports. While we recognise that only a small number of complaints are received by the COBCCC, there is still value in more clearly outlining what issues are raised and the outcome of the complaint. This will assist subscribers in potentially identifying potential Code issues and improves transparency on how the COBCCC is handling these complaints. A non-exhaustive list of possible outcome classifications could include:

- Investigated: action taken, including listing the action taken.
- Investigated: no action taken, including the reason why.
- Closed without investigation and the reason why.
- Referred to subscriber for internal dispute resolution.
- Referred to AFCA for external dispute resolution.

Powers and sanctions

In addition to the data collection element, the COBCCC has powers to conduct own motion inquiries and, if necessary, has powers to sanction and issue directions to subscribers. COBA believes that these powers are broadly appropriately. We suggest there would be opportunities to streamline these provisions to ensure greater alignment with other Code Compliance Committees. As with the other proposals for streamlining, COBA's intention would be to lower the administrative burden on the secretariat and ensure greater consistency in Code Compliance Committee practice.

Secretariat

The secretariat of the COBCCC is provided by AFCA in a service agreement between COBA and AFCA. While having a single secretariat function provided to the financial services industry, such as the one provided by AFCA, brings economies of scale, COBA would appreciate further transparency in relation to how the Code Compliance unit interacts and operates within AFCA more broadly. This would provide reassurance on the Code Compliance unit's independence from AFCA and provide greater clarity on its operations and governance.

COBA notes the merger in 2025 of the BCOP and COBCOP secretariat teams. This occurred due to the similarities in the Codes and for the purposes of administrative streamlining. While understanding this change, COBA is concerned that the merger may have seen the loss of a specific focus on customer-owned bank issues, and the adoption of an approach that is driven primarily by issues arising from the BCOP and its subscribers.

We recognise that there are similarities in the two sets of subscribers but emphasise that their business models are very different, meaning that they have different approaches to how they interact with their customers. The issues and problems experienced by the customers of Australia's major banks are not necessarily the same as those experienced by those of the customer-owned banking sector. COBA is concerned that this distinction is at risk of being lost and we encourage a renewed focus on the specific issues related to our sector by the secretariat.

Funding and resourcing

Funding

COBA recognises that an adequately funded and resourced COBCCC is important and considers that the sector has provided adequate funding to the COBCCC over its existence, which has included significant funding increases each year for the past six years. However, COBA welcomes dialogue on resourcing and what is appropriate, through the budget process with the COBCCC.

Table 2 outlines the increase in funding for the COBCCC from financial year 2018-19 to 2023-24 and notes the percentage increase of funding on prior years.

Table 2: COBA funding for the COBCCC 2018-19 to 2023-24

Financial year	Budget ⁴	% increase on prior year
2023-24	615,689	9.8
2022-23	560,725	35.6
2021-22	413,513	13.6
2020-21	364,056	8.2
2019-20	336,514	61.4
2018-19	208,520	-

⁴ All figures drawn from COBCCC Annual Reports.

COBA understands that comparisons may be made between the funding of the COBCCC and other Code Compliance Committees, but we do not think these are like-for-like comparisons. We recognise that there are a significant number of subscribers to the COBCOP relative to some other Codes of Practice. However, it is also important to recognise that COBCOP subscribers are relatively small financial institutions with streamlined business models compared to the very large and complex financial institutions covered by other Codes. This means that the needs and focus of these subscribers and the approach taken by the COBCCC should be different to reflect the unique risk profile posed by banks operating under a mutual business model, which reduces the likelihood of conduct risks arising relative to investor-owned financial institutions.

Transparency of expenses and resourcing

COBA recognises the continued efforts by the COBCCC secretariat in improving transparency in both its publicly reported finances, and in budget documents provided to COBA. COBA is keen to explore how further transparency could be provided to allow a more considered understanding of resource allocation decisions and linkages to COBCCC responsibilities, and how fixed expenses, such as office and IT costs, are calculated and allocated.

Appendix B: Response to Consultation Paper themes

Topic	COBA comment
Financial hardship	Subscribers are supportive of this section and are of the view it has strong customer focused principles and practical application for COBA members.
First Nations	Subscribers have considered recent ASIC reviews and have indicated a preference to consider any further regulatory guidance from ASIC instead of revising the Code.
Digital banking, technology and service continuity	<p>When considering Code provisions in these areas, subscribers highlight the following:</p> <ul style="list-style-type: none"> • Investment in digital platforms is important for customer-owned banks to remain competitive and attract younger customers. As highlighted in Appendix A, the application of burdensome regulation carries a substantial opportunity cost as valuable resources for growth and innovation are channelled towards meeting compliance requirements that may not directly translate into consumer outcomes. This can be further exacerbated when regulation requires IT builds to implement the law, which further diverts scarce resources away from digital uplift for consumers to regulatory compliance. • As the industry increasingly consolidates through mergers, subscribers are often maintaining old legacy systems during the consolidation program. • Any paragraphs relating to technological requirements need to be balanced against the notion that subscribers must be able to make long-term strategic decisions for the benefit of their collective members
Small business provisions	<ul style="list-style-type: none"> • Subscribers highlight that the current definition is unclear. For example, a corporate entity purchasing a residential property may or may not be conducting a ‘business’. We suggest instead that the definition is linked back to the loan purpose being for a ‘business purpose’. • The total lending threshold adds complexity and creates risk that borrowers over time may fall in and out of small business provisions. • We have received feedback that paragraph 88 could be further clarified to bring out the intent of this paragraph: <ul style="list-style-type: none"> ○ By definition, continuing credit contracts do not have a set term and therefore cannot be ‘extended.’ It may be more appropriate to interpret this paragraph as requiring a three months’ notice when the decision is made to cancel a continuing credit facility. ○ The reference to a “continuing credit loan” appears intended to capture revolving credit facilities (e.g., overdrafts), where multiple advances are anticipated and available credit replenishes as repayments occur. Such facilities may have terms, even if renewal is automatic, or may continue indefinitely until cancelled. ○ Where a facility continues until cancellation, the obligation should be that the bank is required to provide three months’ notice of its decision to not continue the facility.
Privacy	COBA suggests that this paragraph is reviewed as members have sought clarification of whether the two sentences in this clause should be interpreted separately.