



# Independent Review

2025–26

**Customer Owned Banking Code of Practice**

**Interim Report**

13 May 2026

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## About this report

This is an interim report for consultation. It presents the Independent Reviewer's preliminary findings and draft recommendations on the Customer Owned Banking Code of Practice (the Code).

Stakeholders are invited to provide feedback on the draft findings, recommendations and feedback questions before 8 June 2026 and the final report is delivered to the Customer Owned Banking Association (COBA) on 30 June 2026.

*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

### 1.1 About this review

The Customer Owned Banking Code of Practice (the Code) sets out the commitments Australia's customer-owned banks (mutual banks and credit unions) make to their customers and prospective customers. It is intended to operate above minimum legal requirements and reflect the purpose-driven nature of the customer-owned sector. Adoption of the Code is voluntary with 47 of 49 customer-owned banks committing to compliance with the Code.

The Code requires an independent review at least every five years. This review was commissioned by COBA in December 2025 and must be completed by 30 June 2026. It covers the Code in its current form, in place since 28 October 2023.

The review has been conducted by Eva Scheerlinck of Scheerlinck Consulting as Independent Reviewer (the Reviewer). While commissioned and funded by COBA, the Reviewer operates independently. The findings and recommendations are those of the Reviewer, based on stakeholder feedback and other contextual material received during the review.

### 1.2 Objectives of the review

The Terms of Reference set out four objectives:

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

### 1.3 Scope

The review covers all provisions of the Code and any additional matters considered relevant for inclusion. It also assesses the performance and operations of the Customer Owned Banking Code Compliance Committee (COBCCC) as set out in the Code and the Committee's Charter.

The Terms of Reference specify matters the Reviewer must have regard to, including the extent to which the Code remains appropriate in light of regulatory reform since the Royal Commission; whether the Code contributes to banking services being inclusive, affordable and accessible; whether provisions meet consumer and community expectations; and whether there are opportunities for proportionality and flexibility in the Code's application.

## 1.4 Matters expressly excluded from the review

The Terms of Reference exclude:

- proposals made to previous reviews that were not accepted, unless material circumstances have changed;
- recommendations made by previous reviews that were not accepted by COBA, unless material circumstances have changed; and
- matters being responded to by Government or industry through other processes, except to the extent that the Code can assist customer-owned banks to respond in a manner that is not duplicative or in conflict with the law. This includes the Scams Prevention Framework, which is establishing a mandatory industry code that will apply to customer-owned banks.

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## 2. The review process

### 2.1 Consultation Paper

The Consultation Paper was released on 5 February 2026, setting out the context for the review and posing 18 questions across nine themes. References in this report to the legislative, regulatory and industry context summarise material set out at greater length in the Consultation Paper. Submissions closed on 2 April 2026.

### 2.2 Submissions

Public submissions were received from:

- Australian Financial Complaints Authority (AFCA)
- Australian Small Business and Family Enterprise Ombudsman (ASBFEO)
- Customer Owned Banking Association (COBA)
- Customer Owned Banking Code Compliance Committee (COBCCC)
- estateXchange
- Mortgage & Finance Association of Australia (MFAA)
- Newcastle Greater Mutual Group (NGM Group)
- a Joint Consumer Submission, coordinated by Mortgage Stress Victoria and endorsed by 17 consumer and community organisations including Care, Choice, Consumer Action Law Centre (CALC), Consumer Credit Legal Service Western Australia (CCLS), Consumer Policy Research Centre (CPRC), Each, Financial Counsellors' Association WA (FCAWA), Financial Counselling Australia (FCA), Financial Counselling Victoria (FCVic), Financial Rights Legal Centre (FRLC), Indigenous Consumer Assistance Network (ICAN), Mob Strong Debt Help, Mortgage Stress Victoria (MSV), Thriving Communities Australia, South Australian Financial Counsellors Association (SAFCA) and Vacro.

Confidential submissions were also received and have informed the analysis without identification. Public submissions are available at [customerownedbanking.asn.au/code-review](https://customerownedbanking.asn.au/code-review).

### 2.3 Stakeholder roundtables and targeted consultations

The Reviewer conducted targeted stakeholder meetings and workshops between January and April 2026, including with Code subscribers, consumer advocates, regulators, current and former code committee members and other sector stakeholders, and facilitated roundtables with subscribers and consumer groups.

### 2.4 How submissions were evaluated

The review has drawn on qualitative and quantitative material received through submissions, consultations and publicly available reports. Stakeholder feedback has been considered holistically,

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having regard both to the severity of individual harms identified and to the prevalence of issues across the sector. Recommendations are grounded in the material received.

The Consultation Paper posed 18 questions across nine themes. Each question was put to stakeholders and each is addressed in this report. The report is organised thematically rather than question-by-question, so that the analysis flows around issues — financial hardship, vulnerability, First Nations banking, small business, digital banking, governance, deceased estates and the others — rather than around the structure of the Consultation Paper itself. Some questions are answered in a single section; others are addressed across more than one section because the underlying issue cuts across themes. The findings and recommendations in this report should be read as the Reviewer’s response to the issues raised by the questions, drawing on submissions, stakeholder consultations and publicly available material received during the review.

Throughout the report, casework examples are referenced illustratively. Case studies often showcase a worst-case scenario and are not, on their own, indicative of industry-wide failures. Their value lies in demonstrating where gaps in the Code’s protections lie and how those gaps can translate into concrete consumer harm. Their function in this report is to give shape to the broader pattern identified in submissions and data, not to characterise the sector as a whole.

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## 3. Effectiveness of the Code

*The Reviewer was asked to consider the extent to which the Code remains appropriate having regard to regulatory reform since the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (the Royal Commission) and the last review, and whether more principle-based or prescriptive provisions should be adopted. The Reviewer was also asked to consider whether the Code is set out clearly enough that customers and subscribers understand their respective rights and responsibilities, and to consider opportunities for proportionality and flexibility in the application of the Code. This section addresses those matters at a foundational level.*

### 3.1 Current Code approach

The Code is built around seven key promises to customers (Part A), supported by detailed obligations in Part B. The promises are intended to express, in accessible language, what customers should expect from customer-owned banks.

The seven promises are:

- We will deliver banking services in the interests of our customers.
- We will obey the law.
- We will not mislead or deceive.
- We will act honestly and fairly.
- We will offer products and services that are fit for general purpose.
- We will deliver services with reasonable care and skill.
- We will contribute to our community.

The Code's foreword states that it "operates in addition to legislative requirements, establishes higher standards than the law requires and addresses issues not addressed by the law." This review has assessed whether the Code as currently drafted delivers on that claim.

### 3.2 Stakeholder feedback

#### 3.2.1 The promises and existing legal obligations

The Joint Consumer Submission's analysis maps each of the seven promises against existing legal obligations and concludes that six of the seven closely mirror duties already imposed under Australian law. The Joint Consumer Submission identifies obligations under the *Australian Securities and Investments Commission Act 2001* (Cth), the *Australian Consumer Law*, the *National Consumer Credit Protection Act 2009* (Cth) and the common law as substantively duplicated by the Code's promises. On the Joint Consumer Submission's analysis only Promise 7 — to contribute to the community — is

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genuinely distinctive to the customer-owned sector, although it observes that as drafted the promise is a broad aspiration with no specific Part B provisions giving it practical effect.

The COBCCC's submission observes that the promises are expressed at a high level relying on broad concepts such as honesty, fairness and reasonable care and skill, and that the current framing does not clearly reflect the full scope of what the Code is intended to achieve. AFCA's submission supports clearer language across the Code's commitments. The Joint Consumer Submission cites *ASIC Regulatory Guide 183 (RG 183)* for the proposition that an effective industry code should deliver greater protections or benefits to consumers than what is required under existing law.

COBA's submission supports retention of the promise-based structure on the basis that promises translate obligations into customer-facing commitments expressed in plain language, and that this approach is consistent with the relationship-based model of customer-owned banking. The MFAA's submission similarly supports the principles-based promise structure as effective at communicating commitments to customers.

### **3.2.2 Promise-based drafting and enforceability**

The Code relies heavily on formulations such as 'we will', 'we are committed to' and 'we aim to'. The Joint Consumer Submission observes that this approach offers advantages in readability — providing a single reference point for expected standards — but argues that broad promises create difficulties for consumers seeking to rely on the Code in disputes. The submission contends that consumers must demonstrate not only that harm occurred but that conduct fell outside concepts such as 'reasonable', 'appropriate' or 'fair', concepts whose interpretation, in the Joint Consumer Submission's view, is left largely to the bank.

The COBCCC's submission states that enforcement is constrained where Code obligations are expressed in conditional or aspirational terms rather than as objective standards. AFCA's submission supports targeted use of mandatory drafting in priority areas, with retention of principles-based drafting where flexibility is required for tailored response. The MFAA's submission supports promise-based drafting overall but acknowledges the need for targeted specificity in operational areas including refinancing, discharge timeframes and aspects of scam prevention and data handling, where ambiguity has produced inconsistent customer outcomes.

The COBCCC, AFCA, the MFAA, the ASBFEO and the Joint Consumer Submission all support stronger and more specific obligations in defined areas. COBA's submission states that the views of Code subscribers diverge on principles-based versus detailed Code expectations and ultimately recommends avoiding detailed process mandates in recognition of the diverse nature of COBA's member base.

### **3.2.3 Code structure proposals**

Stakeholder submissions on Code structure converge on three points.

First, that the next iteration of the Code should distinguish more clearly between aspirational language and binding obligation. The COBCCC's submission supports redrafting the Key Promises so that they reflect the full scope of what the Code is intended to achieve, supported by a shift to mandatory

language in defined operational areas. AFCA supports clearer drafting and observes that promise-based provisions on their own can produce inconsistent application across subscribers. The Joint Consumer Submission proposes a four-tier architecture — principle, minimum standard, expectation, guidance — under which the binding obligations are expressed in 'must' or 'must not' terms and applied to areas where consumer harm is most acute. COBA's submission supports plainer language, removal of provisions that duplicate existing legal obligations, and grouping of related themes (for example, consolidating guarantor provisions into a dedicated section).

Second, that the Code should be plainer, more navigable and less duplicative of legal obligations. This is supported by all submitters and was endorsed in subscriber workshops conducted as part of this review.

Third, that proportionality between the diversity of subscribers, from the largest mutual banks to the smallest credit unions, is essential, but that proportionality applies to how a subscriber meets a Code standard, not to the standard itself. AFCA's submission states the principle plainly: scalability is a relevant consideration, but it is not a licence for lower standards. COBA's submission expresses the same principle as a proportionate, outcomes-based approach in which proportionality means consistent customer outcomes delivered with flexibility in implementation, not lower standards. The COBCCC and the Joint Consumer Submission take materially the same position.

Submitters differ on degree and on terminology. The COBCCC frames its position around the existing Key Promises; the Joint Consumer Submission proposes a defined four-tier architecture; COBA frames its position around the existing Part A / Part B structure. The substantive direction — clearer separation of aspiration from obligation, plainer language, proportionality applied to method rather than standard — is shared across the principal submissions.

### **3.2.4 Customer rights and accessibility**

The Joint Consumer Submission identifies that the Code does not state clearly that its provisions are legally enforceable rights and contrasts this with the Australian Banking Association's 2025 *Banking Code of Practice (Banking Code)*, which it observes contains a clear explanation of customer rights and how those rights can be enforced. AFCA's submission similarly identifies that Code standards should clearly articulate customer rights and the pathways available to customers to exercise those rights, including that customers can enforce their rights through internal dispute resolution, external dispute resolution and the court system. AFCA also identifies the value of more clearly explaining that consumers have a right to hold banks to the commitments set out in the Code.

### **3.2.5 Alignment with emerging frameworks**

Several submissions raised the pace of regulatory and policy change in banking. The COBCCC's submission notes that financial services are evolving rapidly, including increasing use of digital platforms, artificial intelligence and automated decision-making, and that the Code needs to remain effective as delivery models and technologies evolve. The COBCCC supports a Code framework focused on clear commitments and outcomes that can adapt to evolving regulator expectations between formal Code reviews. AFCA's submission similarly identifies the importance of Code

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alignment with regulator guidance (including AFCA’s own *Approaches* framework and ASIC’s regulatory guides) over the period between Code reviews.

### 3.3 Key issues

#### 3.3.1 The Code promises as currently drafted do not establish standards above the law

The promise-based drafting of the current Code largely restates obligations already imposed by Australian law. This is the central issue from which the other issues in this section follow.

The Joint Consumer Submission’s mapping is the most systematic analysis available to this review. The Joint Consumer Submission’s Section 3.3 maps each of the seven Key Promises against the legal obligations the Joint Consumer Submission identifies as already binding on subscribers and concludes that six of the seven promises do not extend customer protection beyond what existing law already requires. The COBCCC’s submission identifies the same issue from the monitoring perspective: aspirational, broadly framed promises do not give the COBCCC an objective standard against which compliance can be assessed. AFCA’s submission identifies the same issue from the dispute resolution perspective: where Code provisions repeat legal obligations without adding to them, the Code does not give a customer a separate basis for relief.

The Reviewer agrees that the current promises substantially restate existing legal obligations rather than add to them. Where the Code repeats a legal obligation in promise form, it does not add to consumer protection. Customers reading the current Code are entitled to expect that what is in it adds to what the law already provides; in substantial respects it does not.

The implication for the redrafting is that the Code must close the gap between what the Code claims and what it delivers. It must do so by adding standards above the legal baseline, not by paraphrasing the baseline itself. The remainder of this section sets out the structural response.

#### 3.3.2 Learning from the Banking Code

The *Banking Code* provides a relevant point of reference. It is ASIC-approved under *RG 183*, uses mandatory language for binding commitments, and groups detailed obligations by customer cohort within Part B. The 2025 review process and the resulting structure offer practical lessons for the Code’s redrafting:

- customer-cohort grouping of detailed obligations (lending to individuals, lending to small business, guarantors, farmers, deceased estates) rather than dispersed treatment;
- mandatory drafting in defined operational areas;
- specific operational provisions in priority areas (particularly small business lending, guarantees, farmers and deceased estates) rather than generic principles; and
- regulator-engaged design that anticipates ASIC’s *RG 183* benchmarks even where formal approval is not the immediate objective.

The Reviewer is not recommending that the Code simply replicate the *Banking Code*. The customer-owned sector has its own values, structure and operational realities and the Code should reflect them. The *Banking Code* itself has limitations. Substantive standards on domestic and family violence,

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financial abuse and elder financial abuse sit in ABA Industry Guidelines that do not form part of the *Banking Code*. The Reviewer's view is that the Code should go further than the *Banking Code* on this point, bringing those substantive standards inside the Code itself through the layered model. The *Banking Code's* recent redrafting nonetheless demonstrates that an industry code can be both accessible to customers and operationally specific where consumer protection requires it, and the COBA Code should aim for the same balance.

### 3.3.3 A layered model of obligations

The starting point is ASIC's *RG 183*, which sets out the criteria ASIC applies in approving financial services codes of conduct. *RG 183* provides that a code's obligations should be capable of being enforced; that obligations should be expressed clearly and specifically enough to support enforcement through internal dispute resolution, AFCA and the independent code administrator; and that a code should deliver protections that go beyond the law rather than restate it. *RG 183* also articulates a non-regression principle, under which an amended or replaced code should not result in an overall reduction in consumer benefits, enforceability or accountability. These criteria apply whether or not a code is submitted for ASIC approval and they reflect ASIC's published view of what a financial services code should do.

The current Code does not consistently meet these criteria. Several Key Promises and supporting paragraphs are expressed in language that blends aspiration with obligation, making it difficult for the COBCCC to identify and investigate breaches, for AFCA to apply Code provisions in dispute resolution, and for customers to understand what their bank is actually committed to. AFCA's submission identifies the operational consequence: where promise-based and principles-based provisions are open to materially different interpretations by different subscribers, the result is inconsistent customer outcomes, particularly in financial difficulty support, vulnerability response, and complaints handling. The COBCCC's submission identifies the monitoring consequence: aspirational provisions cannot be monitored or sanctioned in the same way as a defined obligation. The Reviewer's assessment is that a structural response is warranted.

The Reviewer's view is that the next iteration of the Code should adopt a layered structure to address these issues. The model preserves the accessible, values-based character of the Code while strengthening clarity and enforceability where it matters most. It reflects the converging direction of financial services code design in Australia, including the structural approach in the *Banking Code*, the comparable architecture proposed in the *Life Insurance Code Review Interim Report* (April 2026), and the approach proposed in the Joint Consumer Submission to this review.

The layered approach is not a wholesale redesign. It retains the structure the sector is familiar with, commitments supported by detailed provisions, but introduces the discipline of distinguishing what is aspirational, what is mandatory and what is guidance. That distinction determines what the COBCCC can monitor, what AFCA can enforce and what consumers can rely on in a dispute.

The recommended model has four layers:

Layer	Purpose	Effect
<b>Commitment</b>	Sets the values and intent of the customer-owned banking sector for each thematic area. Written in accessible language, directed at customers.	Cultural anchor. Guides interpretation of the detailed provisions that follow. Not enforceable on its own but establishes the standard against which conduct is assessed.
<b>Minimum standard</b>	Specifies what the bank must or must not do. Expressed using clear, mandatory language ('must', 'must not', 'will') with objective criteria where possible. Applied uniformly across all subscribers.	Enforceable through internal dispute resolution, AFCA and COBCCC compliance monitoring. Breach can be identified, investigated and sanctioned.
<b>Expectation</b>	Describes the standard of conduct that goes beyond the minimum required by law. Sets a higher standard above the legal baseline that the customer-owned sector aspires to. Applied with proportionality to the size and circumstances of the subscriber.	Enforceable, with proportionality applied to how the expectation is met. Distinguishes the Code from a compliance baseline. Breach can be raised through internal dispute resolution and AFCA, with the assessment taking the subscriber's scale and circumstances into account.
<b>Guidance</b>	Explains good practice and supports proportionate implementation across institutions of different sizes. May sit in supporting material published by COBA or the COBCCC.	Not independently enforceable but informs interpretation of the minimum standard and expectation layers. Subscriber compliance with the Code includes compliance with the relevant guidance once developed.

Two structural choices follow from the model. First, all enforceable obligations remain within the Code itself. Guidance supports the Code; it does not displace it. AFCA's submission states this principle directly: where substantive commitments sit outside the Code, in separate guidance or supplementary documents that do not form part of the Code, the result is to dilute commitments and reduce clarity for consumers. Second, proportionality applies to the method by which a subscriber meets a Code standard, not to the standard itself. This is consistent with AFCA's position that scalability is not a licence for lower standards, and with COBA's submission that proportionality means consistent outcomes delivered with flexibility in implementation.

Not every recommendation in this report carries a layer tag. The layered model applies to obligations the Code creates on subscribers — what subscribers must do, what the sector expects of itself and what good practice looks like. Some recommendations in this report sit outside that frame because they address a different question. Recommendations on the Code's drafting style apply across all four layers. Recommendations on the structural features of the Code, including the customer rights section and the treatment of defined exceptions, are framework choices, not layer-tagged provisions. For example, recommendations on the COBCCC's resourcing, governance and Charter relate to how the Code is administered, not to the obligations it creates. Recommendations on technical drafting fixes to existing paragraphs correct errors while preserving the substance of the current Code. Where a recommendation falls into one of these categories, the recommendation text says so.

### 3.3.4 Revised commitments: what the Code should promise

The current set of promises adds little above the existing legal baseline. The Reviewer’s view is that the Code’s seven key promises should be replaced with a set of thematic commitments that reflect the distinctive purpose of customer-owned banking, signal to customers in plain language what outcomes they can expect, anchor the detailed obligations in the body of the Code and avoid restating obligations that already exist under law.

The Reviewer proposes the following draft commitments and seeks stakeholder feedback on the approach:

#	Commitment
1	<b>We exist for our customers and communities.</b> Our customers are our owners. We make decisions in their interests and we contribute to the communities we serve.
2	<b>We will be open and clear about what you can expect from us.</b> We will set out, in plain language, what we promise, what we must do, what we expect of ourselves and how we will support you to make informed decisions.
3	<b>We will provide banking services that are safe, fair, accessible and inclusive.</b> We will design our products and services to be usable by the diversity of our customers and we will take steps to ensure that no customer is excluded by digital, language, location or capability barriers.
4	<b>We will support customers experiencing financial difficulty.</b> If you are in financial difficulty, we will respond promptly, take a holistic view of your circumstances and work with you on options that fit your situation, including where you have experienced domestic and family violence, financial abuse, illness or disaster.
5	<b>We will take extra care with customers experiencing vulnerability.</b> We recognise that anyone can experience vulnerability at any time. We will adapt our processes, communication and support to the customer’s circumstances and we will not let our conduct add to the harm a customer is already experiencing.
6	<b>We will provide culturally safe and appropriate banking services to First Nations customers.</b> We will support First Nations customers’ access to banking, accept alternative identification, provide language access and train our staff in cultural awareness and cultural safety.
7	<b>We will support small business customers fairly and prudently.</b> We will exercise the care and skill of a diligent and prudent banker in our dealings with small business customers, including in lending, default, enforcement, co-borrower and guarantor decisions.
8	<b>We will deal sensitively with customers’ families when a customer dies.</b> We will treat estate representatives promptly, respectfully and sensitively and we will take steps to reduce duplication and administrative burden during the period of estate administration.
9	<b>We will be clear and accountable in our use of digital channels and technology.</b> We will tell you when we use AI or automated decision-making in a decision that materially affects you, provide a pathway to human review and ensure essential banking is accessible to customers who depend on non-digital channels.
10	<b>We will resolve complaints fairly, promptly and transparently.</b> We will acknowledge complaints quickly, give clear written reasons for decisions, support customers through the dispute pathway and learn from the patterns we see.

Commitment 1 is the distinguishing feature of customer-owned banking. Commitments 2 to 10 give content to the sector’s values across the priority areas where the potential consumer harm is at its

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highest. The Code’s detailed obligations sit beneath each commitment, structured according to the layered model — minimum standards, expectations and guidance — set out at paragraph 3.3.3.

### 3.3.5 Applying specificity where it matters most

The Code should retain the readability of plain-language commitments while applying specific, mandatory obligations in defined areas where consumer rights are directly engaged, power imbalances are most acute, harm patterns are documented and enforcement depends on objective criteria. Stakeholder feedback identifies the priority areas as financial hardship:

- particularly hardship arising from domestic and family violence, natural disasters and prolonged unemployment or illness;
- vulnerability — including cognitive decline, abuse of older people, mental health, disability and circumstances of cumulative disadvantage;
- domestic and family violence and financial abuse — including coercive control and economic abuse, including in business contexts;
- First Nations banking — including customer identification and verification, cultural safety, language access and remote service delivery;
- small business lending — including the absence of a duty of care equivalent to that in the Banking Code and the small business definition;
- complaints handling — including timeliness, written reasons and trauma-informed practice; deceased estates — currently not addressed in the Code;
- branch closures and service continuity — including transitions, system migrations and outages; and
- digital service delivery and the use of artificial intelligence and automated decision-making — including transparency, the availability of a pathway to human review and the maintenance of accessible non-digital channels.

Detailed analysis of each priority area follows in Sections 4 to 11. The mandatory obligations should be expressed using clear language (‘must’, ‘must not’, ‘will’) with objective criteria where possible, and the conditions in which an obligation does not apply should be defined rather than left to subscriber discretion. This is the second drafting principle, alongside the layered model itself: clear obligations and defined exceptions, not blanket conditional language.

### 3.3.6 Conditional drafting and supporting documents

Two drafting matters follow from the layered model and from the *RG 183* enforceability criteria discussed at 3.3.3.

**Conditional language.** Provisions in the current Code make extensive use of conditional qualifiers (‘where reasonable’, ‘where practicable’, ‘where appropriate’) without defining the circumstances in which the qualifier is engaged. The effect is that the standard itself is left to subscriber interpretation.

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Where the Code creates a minimum standard, the standard should be expressed clearly and any conditions on its operation should be defined in the Code text rather than left to subscriber discretion. This is not an absolute prohibition: some provisions necessarily depend on context and conditional language has a legitimate role where the conditions are themselves specified. The principle is that conditionality should not be a substitute for definition. The drafting approach in the *Banking Code* and the position taken in the *Life Insurance Code Review Interim Report* (April 2026) reflect this principle.

**Supporting documents.** The Code should be supported by clearly identified subordinate guidance, developed by COBA in consultation with subscribers and with stakeholders including the COBCCC and AFCA. Priority areas for supporting guidance, on the evidence before this review, are hardship, vulnerability response, First Nations banking, deceased estates, and the Bank@Post arrangement. The Code should refer to these documents as part of its framework, with subscriber compliance with the Code understood to include compliance with the relevant guidance once developed.

The Reviewer recognises that the development of guidance to assist subscribers in meeting Code obligations is not a current COBA practice and that building this capability will take time and resources. The architecture proposed here accommodates that reality. The Code can refer to subordinate guidance as part of its framework before that guidance has been developed, with subscribers and COBA agreeing the priority order of development and the timeframe over which it will be delivered.

Two supporting points are worth noting. First, this architecture is what allows the layered model to operate: guidance supports the practical implementation of standards across subscribers of different scale without displacing enforceable obligations from the Code. Second, AFCA's submission frames the inverse: where substantive commitments are placed in supplementary documents that do not form part of the Code, the result is to dilute commitments and reduce clarity for consumers. Supporting guidance and the Code text should be read together; supporting guidance should not stand alone as the source of the obligation.

### 3.3.7 Customer rights under the Code

The current Code does not contain a single, clear statement of how customers can rely on it. Customers can identify the seven promises but cannot easily identify what they mean in practice or what to do if they are not met. Paragraphs 28 to 31 of the Code are complaints handling provisions only and are too deep into the document to be easily accessed.

The Code's enforceability through contractual incorporation into subscribers' terms and conditions is a feature of the customer-owned sector that should be retained and made more visible to customers. This sets the Code apart from some other industry codes. The *Life Insurance Code Review Interim Report* records that the *Banking Code* and the COBA Code are already incorporated into banking contracts whereas the Life Insurance Code is not, and recommends that contractual incorporation be adopted for the Life Insurance Code on this basis.

The Code should include a dedicated section:

- written in accessible language and addressed directly to customers, explaining what the Code is and how it relates to the law;

- that the Code forms part of the contractual relationship between subscribers and their customers and is enforceable through that contractual provision;
- that as members of the institution, customers can participate in its governance under the ‘one member, one vote’ model;
- how customers can raise an issue if they believe the Code has not been met, including pathways through internal dispute resolution and AFCA;
- and how customers can report a suspected breach to the COBCCC.

### 3.3.8 Alignment with emerging legal frameworks

The pace of change in banking regulation has accelerated since the 2022 Code came into effect and is accelerating further. The *Scams Prevention Framework*, the *Financial Accountability Regime*, ASIC’s *Design and Distribution Obligations* work, the *Privacy Act* reforms, AUSTRAC guidance on flexible identification, and Australian Standard *AS 22458:2025* on consumer vulnerability all post-date the current Code or have evolved materially since. A five-year Code review cycle, while appropriate as the period for substantive structural review, cannot keep the Code’s operational practice aligned with regulator guidance issued in the intervening years.

The Reviewer’s view is that the Code should expressly state that subscribers will keep abreast of, and align their practices with, regulatory guidance issued in the periods between Code reviews, even where that guidance is not explicitly referenced in the Code. A single, clear statement of this kind is preferable to linking individual paragraphs of the Code to specific external agencies and instruments — that approach would expand the Code’s length, tie its readability to instruments outside the Code, and require amendment each time an external instrument changes. A single clear statement provides the COBCCC with a clear monitoring reference and signals to customers that subscribers will keep pace with developing standards rather than waiting for the next review.

This approach does not require any change to the five-year review interval set out in paragraph 189 of the current Code. Substantive Code review continues to occur on a five-year cycle. What changes is the expectation between reviews: that subscribers respond to material regulator guidance as it issues, supported by the subordinate guidance architecture described at 3.3.6.

## 3.4 Findings

**Finding 3.1.** The Code’s promise-based structure does not, on its own, establish the higher standards above the law that the Code claims to set. Where the Code restates a legal obligation in promise form, it does not add to consumer protection.

**Finding 3.2.** Code obligations expressed in conditional or aspirational terms make the enforcement task harder for the COBCCC and AFCA, regardless of resourcing or approach, and more difficult for consumers to understand. Stronger and more specific drafting in defined priority areas is required to enable consistent enforcement and to give the COBCCC and AFCA an objective standard against which conduct can be assessed.

**Finding 3.3.** The Code can be enhanced with an improved structure that sets clearer expectations and groups themes for ease of implementation and understanding by customers. The Code should be redrafted using a layered model: commitments setting values and intent; minimum standards expressed using mandatory language and uniform across all subscribers; expectations describing higher standards above the legal minimum, applied with proportionality; and guidance supporting consistent implementation. All enforceable obligations should remain within the Code itself.

**Finding 3.4.** The customer-owned banking sector's distinctive identity is best expressed by giving Promise 7 ('We will contribute to our community') practical effect through the body of the Code and by replacing the existing promises with a set of thematic commitments that reflect the distinctive purpose of customer-owned banking and anchor the Code's detailed obligations.

**Finding 3.5.** The Code should be supported by subordinate guidance documents developed by COBA in consultation with subscribers and stakeholders. The Reviewer recognises that guidance development is not a current COBA practice and that building this capability will take time and resources. The priorities for guidance development, and a mutually agreed timeframe for delivery, should be set by COBA together with subscribers.

**Finding 3.6.** Customer rights under the Code are not clearly identified in the document. The Code's contractual enforceability is a distinguishing feature of the customer-owned sector that should be retained and made more visible. The Code's commitment to customer outcomes would be enhanced by setting out customer rights, including contractual enforceability, in a dedicated section early in the Code.

**Finding 3.7.** Banking regulation is changing more quickly than the five-year Code review cycle can accommodate. Subscribers should keep abreast of, and align their practices with, regulatory guidance issued by ASIC, AFCA, the COBCCC, AUSTRAC, the Privacy Commissioner and other relevant bodies in the periods between Code reviews.

### 3.5 Recommendations

**Recommendation 1.** The Code should be written in accessible language addressed to customers and prospective customers, and apply to subscribers, their staff and their representatives.

**Recommendation 2.** The Code should adopt a layered structure distinguishing between commitments (values and intent), minimum standards (enforceable obligations using 'must'/'must not' language, applied uniformly across all subscribers), expectations (standards above the legal minimum, enforceable but applied with proportionality to the size and circumstances of the subscriber) and guidance (supporting proportionate implementation). All enforceable obligations must remain within the Code itself.

**Recommendation 3.** At the commitment layer, the current seven key promises should be replaced with a set of thematic commitments that reflect the distinctive purpose of customer-owned banking, signal to customers what outcomes they can expect and anchor the detailed obligations in the body of the Code.

**Recommendation 4.** At the minimum standard layer, mandatory language ('must', 'must not') supported by objective criteria must be applied in the priority areas identified in this review: financial hardship; vulnerability; domestic and family violence and financial abuse; First Nations banking; small business lending; complaints handling; deceased estates; branch closures and service continuity; and digital service delivery and the use of artificial intelligence and automated decision-making. The specific obligations recommended in each area are set out in Sections 4 to 11 of this report.

**Recommendation 5.** The Code must include a dedicated section setting out customer rights under the Code. This section must explain that the Code forms part of the contractual relationship between the customer-owned bank and its customers and is enforceable through that contractual provision (a feature of the customer-owned sector that this review recommends be retained); that as members of the institution, customers can participate in its governance under the 'one member, one vote' model; that customers can enforce Code commitments through internal dispute resolution and AFCA; and that customers can report a suspected breach to the COBCCC.

**Recommendation 6.** At the guidance layer, the Code should be supported by subordinate guidance documents developed by COBA in consultation with subscribers and stakeholders, including the COBCCC and AFCA. COBA and subscribers should agree the priorities for guidance development and a mutually agreed timeframe for delivery, recognising that guidance development is not a current COBA practice and that a transition period is required to build this capability.

**Recommendation 7.** At the minimum standard layer, the Code must include an express statement that subscribers will keep abreast of, and align their practices with, regulatory guidance issued by ASIC, AFCA, the COBCCC, AUSTRAC, the Privacy Commissioner and other relevant bodies in the periods between Code reviews, even where that guidance is not explicitly referenced in the Code.

**Feedback sought:** *Feedback is sought on whether the draft commitments at paragraph 3.3.4 collectively express the values of customer-owned banking in a customer-focused way; whether the ten themes are the right themes for a code aimed at this sector; whether the structure as drafted is supported; whether anything is missing; and whether anything in the proposed list does not belong.*

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## 4. Experiences of financial hardship

*The Reviewer was asked to consider whether the Code’s hardship provisions are operating effectively for customers experiencing financial difficulty, including hardship arising from natural disasters, and whether further changes to the Code are warranted in light of regulatory and industry developments.*

### 4.1 Current Code approach

The Code’s financial difficulty provisions sit at paragraphs 135–145, under the heading ‘Support for customers experiencing financial difficulty’. The commitments cover information and awareness (paragraph 136), training and proactive identification (paragraph 137), early engagement and constructive conduct (paragraphs 138–140), handling a request for assistance (paragraphs 141–142) and decline and representation (paragraphs 143–145). Debt collection is addressed separately at paragraphs 146–156.

Two observations are relevant. First, much of paragraphs 141 and 142 restates obligations already imposed by section 72 of the *National Credit Code* and *ASIC Regulatory Guide 271*. Paragraph 140, committing subscribers to work constructively with customers whether or not there is a statutory right to assistance, goes beyond the law, but its effect depends on interpretation and monitoring.

Second, the existing provisions are silent on disaster hardship as a distinct category, on safe communication for victim-survivors of domestic and family violence, on debt waiver and on the form of communication required when assistance is declined. These are the gaps stakeholder feedback has highlighted.

### 4.2 Stakeholder feedback

#### 4.2.1 Material before the review

The principal material before the review on hardship consists of:

- the AFCA submission, which provided a case study illustrating a ‘business-as-usual’ hardship process applied to a customer in financial difficulty with a disclosed mental-health condition and identified opportunities for subscribers to strengthen financial difficulty responses earlier to avoid complaints;
- the COBCCC submission, which identified gaps in current Code drafting, including in relation to disaster hardship and to the operation of paragraph 141(d);
- the Joint Consumer Submission, which provided ten case studies and proposed specific recommendations on definition, identification, response timeframes, communication, written reasons, debt waiver and disaster response;
- the MFAA submission, which addressed the role of brokers in identifying hardship and supported earlier identification and clearer pathways for customers; and

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- ASIC enforcement action in August and September 2025 against major banks for hardship process failures, signalling regulatory expectations on hardship response timeframes (*ASIC Reports 782 and 815*).

The Reviewer has also drawn on the *AFCA Approach to Family Violence* (November 2025) and the *Approach to Financial Abuse of Older People* (November 2025), the *Banking Code* and the analysis at section 2.2 of the *Life Insurance Code Review Interim Report* (April 2026).

#### 4.2.2 What stakeholders said

There is broad alignment across submissions that the Code’s hardship provisions need strengthening in defined ways:

- a plain-English definition of financial difficulty drafted from the customer’s perspective and including the typical triggers — unemployment, illness, family breakdown, domestic and family violence, economic abuse and natural disaster;
- early intervention through proactive identification, with subscribers using account-behaviour analysis and customer interaction data to identify customers who may be in difficulty;
- minimum response timeframes, with defined acknowledgement and substantive-response timeframes;
- a prohibition on repeated requests for documentation already provided where there has been no material change in circumstances;
- accommodations for disclosed or apparent vulnerability consistent with *Australian Standard AS 22458:2025*;
- recognition of disaster hardship as a distinct category warranting tailored response options; and
- strengthened debt waiver expectations consistent with paragraph 141(d).

COBA’s submission supports targeted uplift where it improves consumer outcomes including terms and conditions that reference financial abuse and the steps a bank may take to address it and displaying easy-to-find information on subscriber websites regarding powers of attorney and financial abuse. Other submitters (the COBCCC, AFCA and the Joint Consumer Submission) identified specific drafting and practice gaps that warrant action regardless of the broader structural decisions the Code review will make.

#### 4.2.3 AFCA case example

AFCA’s submission to this Review provides a closed-case example illustrating how a customer-owned bank’s financial difficulty processes can fail in practice. In June 2023, a customer notified the bank that they were experiencing financial hardship and engaged a financial counsellor to assist with submitting a hardship application. The bank requested further information, including a Statement of Financial Position and supporting documents. When the documents had not been received by August 2023, the bank declined the hardship request. Later that month, the financial counsellor resubmitted the

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required documents and asked that the application be reopened. The bank failed to identify or properly consider this submission, did not further engage with the customer or the financial counsellor, and issued a further decline letter.

AFCA determined that the bank had failed to give genuine consideration to the August 2023 hardship notice, resulting in delay, stress and inconvenience to the customer, and required the bank to pay compensation for non-financial loss.

The example illustrates two of the patterns identified elsewhere in this section: a procedural and document-driven response to a hardship notice that did not adapt when circumstances and information changed; and a failure to engage effectively with the customer's financial counsellor. Both patterns are consistent with the COBCCC's findings that financial difficulty policies are interpreted inconsistently across subscribers and that documentation requirements and timeframes can be applied in ways that are unreasonable in the customer's circumstances.

#### **4.2.4 Joint Consumer Submission casework**

The Joint Consumer Submission included ten case studies illustrating gaps in Code-supported hardship practice. Several involved repeated requests for documentation; several involved decisions communicated without written reasons; several involved customers experiencing domestic or family violence whose unique communication needs were not accommodated; and one involved a customer experiencing severe and prolonged hardship whose request for debt waiver was refused without substantive engagement with paragraph 141(d).

These case studies demonstrate where the gaps in the Code's hardship provisions translate into customer harm. They are not, on their own, indicative of industry-wide failure. They show that, in the absence of clear minimum standards, customers' experience of hardship assistance varies in ways that the existing Code structure does not adequately constrain.

### **4.3 Key issues**

#### **4.3.1 Definition of financial difficulty**

The Code does not define financial difficulty. Submitters identified the 2025 *Banking Code* clause 168 as a useful model, including clause 168(d) which provides examples of natural disaster ("such as droughts, fires, floods and earthquakes (as declared by an Australian Federal, State or Territory Government) or, if no such declaration is made, where we are satisfied on other grounds that a natural disaster has occurred"). A defined term anchors the rest of the hardship provisions and is essential to the operation of any minimum standard.

#### **4.3.2 Proactive identification**

Paragraph 137 of the Code requires subscribers to train staff and may use data analysis to identify customers in difficulty. The drafting is permissive ('may use') and contains no obligation to actually contact the customer where indicators are present. Submitters supported strengthening this to a minimum standard requiring proactive identification and proactive contact, with referral to internal support without requiring the customer to complete a formal hardship application in the first instance.

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### 4.3.3 Response timeframes and process

Stakeholders identified the absence of defined minimum response timeframes as a gap. Joint Consumer Submission casework illustrated cases where subscribers had taken weeks or months to respond substantively, with repeated requests for the same documentation in the interim. *ASIC Reports 782 and 815*, on hardship process failures at major banks, confirmed regulator expectations of timeliness. The Code should set a defined acknowledgement timeframe (proposed: as soon as possible and no later than five business days) and a defined substantive response timeframe (proposed: 21 days, consistent with the *National Credit Code*). Subscribers should however adapt their processes appropriately to the individual circumstances before them, understand and give effect to the legislative intent as well as the letter of the law, and align their responses to the interests of customer's wellbeing. The Code should also prohibit repeated requests for documentation already provided where there has been no material change in the customer's circumstances and require accommodations for disclosed or apparent vulnerability consistent with *AS 22458:2025*.

### 4.3.4 Vulnerability and hardship intersection

Financial difficulty is itself a circumstance that attracts the subscriber's obligation to take extra care. Where a customer experiencing financial difficulty also discloses or presents with another circumstance of vulnerability — domestic and family violence, mental health, cognitive decline, disability — the subscriber's hardship process, communication settings and timeframes must be adjusted accordingly. The current Code's separation of vulnerability (paragraphs 26–27) and financial difficulty (paragraphs 135–145) does not adequately reflect this intersection.

### 4.3.5 Domestic and family violence and hardship

Where a customer is a victim-survivor of domestic and family violence, a hardship process designed for customers in straightforward financial difficulty can compound harm. The *AFCA Approach to Family Violence* (November 2025) and the *National Principles to Address Coercive Control* identify several specific adjustments required: presumptive acceptance that a victim-survivor is experiencing hardship and has a continuing request for assistance; prohibition on repeated requests for re-submission of hardship documentation where circumstances have not materially changed; written reasons for refusal; and safe communication settings, including avoiding shared correspondence and using safe-contact pathways. Decisions affecting victim-survivors must prioritise the safety of the affected party.

### 4.3.6 Disaster hardship

Natural disaster response is one area where the customer-owned banking sector has a credible track record. Subscribers have responded to bushfire, flood and cyclone events with targeted hardship arrangements, fee waivers and flexible lending arrangements. The sector's community ownership model creates both stronger incentive and better information to enable a timely response than is typical of the major banks.

Two features of current Code treatment nonetheless warrant attention. First, disaster hardship is qualitatively different from individual hardship. Affected customers may be experiencing a combination of property damage, displacement, income loss and contact difficulties simultaneously, and the response options that work for individual hardship — payment pauses, fee waivers, bespoke

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arrangements — need to be deployable at scale and quickly. Second, recovery often takes months or years, and disaster-affected customers may experience compounding vulnerability over that period.

The Reviewer's view is that the Code should recognise disaster hardship as a distinct category, with tailored response options including genuine payment pauses (i.e. where interest does not continue to accrue or capitalise into arrears for defined periods where appropriate), a consistent approach to insurance cash settlements held by the subscriber, and suppression of adverse credit reporting for disaster-affected customers consistent with the approach taken in other vulnerability contexts. The Reviewer seeks further stakeholder feedback on recognising the distinct elements of hardship resulting from disasters.

#### 4.3.7 Debt waiver

Paragraph 141(d) commits subscribers, where exceptional circumstances apply, to consider a waiver of unsecured debt on compassionate grounds, subject to commercial considerations. The Code is missing clarity on when this provision engages, what factors will be considered and how the decision will be communicated. The Reviewer seeks further feedback on how debt waiver provisions in the Code should be strengthened: specifically, whether subscribers should be required to genuinely consider a debt waiver where the customer is experiencing severe and ongoing hardship and has no reasonable prospect of repayment, and whether subscribers should presume that waiver is appropriate where the debt has been charged off and the customer continues to experience severe hardship.

#### 4.3.8 Examples of assistance and proportionate implementation

The Code currently does not include examples of the types of assistance subscribers may offer. The *Banking Code* provides a useful model: at paragraphs 175 to 178 and the accompanying examples boxes ("Restoring your financial position is possible" and "Restoring your financial position is unlikely"), it sets out examples of hardship assistance covering both circumstances where the customer's financial position may be restored and circumstances where it cannot. Examples in the Code support consistency without prescribing specific arrangements and they help customers understand what to ask for.

### 4.4 Findings

**Finding 4.1.** The Code does not define financial difficulty. A plain-English definition aligned with the *Banking Code* clause 168 is required to anchor the rest of the hardship provisions.

**Finding 4.2.** The Code's hardship provisions lack specificity and need stronger drafting to convert aspirational commitments into enforceable minimum standards. Detailed consideration of this material is set out at paragraphs 4.3.1 to 4.3.8.

**Finding 4.3.** The Code's hardship provisions do not adequately address the intersection of hardship with circumstances of vulnerability, including domestic and family violence and mental health. Where a customer experiencing financial difficulty also presents with another vulnerability, the

subscriber must adjust its hardship process accordingly. Subscribers should prioritise customer safety and wellbeing in their processes. These sections of the Code should also be co-located.

**Finding 4.4.** Disaster hardship is qualitatively different from individual hardship and the Code's provisions do not adequately reflect this. The Reviewer seeks further stakeholder feedback on recognising the distinct elements of hardship resulting from disasters.

## 4.5 Recommendations

**Recommendation 8.** At the minimum standard layer, the Code must include a plain-English definition of financial difficulty drafted from the customer's perspective, covering both actual and anticipated inability to meet obligations. The definition must expressly include circumstances arising from unemployment, illness, family breakdown, domestic and family violence, economic abuse, natural disaster and other unforeseen changes in circumstances.

**Recommendation 9.** At the minimum standard layer, the Code must require subscribers to proactively identify indicators of financial difficulty, including through analysis of account behaviour where appropriate, and to contact customers where there is reason to believe they may be experiencing financial difficulty. Subscribers must refer such customers to internal support without requiring them to complete a formal application in the first instance.

**Recommendation 10.** At the minimum standard layer, the Code must set defined timeframes and process protections for the handling of hardship requests, including a defined timeframe for acknowledging receipt (as soon as possible and no later than 5 business days); a defined timeframe for a substantive response (21 business days), with subscribers to improve on these timeframes where possible; a prohibition on repeated requests for information already provided where there has been no material change in the customer's circumstances; and accommodations for disclosed or apparent vulnerabilities consistent with *Australian Standard AS 22458:2025*.

**Recommendation 11.** At the minimum standard and expectation layers:

- *Minimum standard:* the Code must recognise financial difficulty as a circumstance of vulnerability attracting the subscriber's obligation to take extra care.
- *Expectation:* where a customer experiencing financial difficulty also discloses or presents with another vulnerability, the subscriber must adjust the process expectations in its hardship process, communication and timeframes accordingly, with the depth of adjustment proportionate to the customer's circumstances.

**Recommendation 12.** At the commitment and minimum standard layers, the Code must include dedicated provisions on hardship arising from domestic and family violence:

- *Commitment:* the Code must recognise that a victim-survivor experiencing financial hardship is owed a response that prioritises safety alongside financial assistance.
- *Minimum standards:* presumptive acceptance that a victim-survivor is experiencing hardship and has a continuing request for assistance; prohibition on repeated requests for re-submission of hardship documentation where circumstances have not materially changed;

written reasons for any refusal of hardship assistance; and safe communication settings for victim-survivors. Decisions affecting victim-survivors must prioritise the safety of the affected party.

**Recommendation 13.** At the minimum standard layer, the Code must recognise disaster hardship as a distinct category, with tailored response options including genuine payment pauses that do not accrue interest or capitalise arrears for defined periods where appropriate, a consistent approach to the handling of insurance cash settlements held by the subscriber, and suppression of adverse credit reporting for disaster-affected customers consistent with the approach taken in other vulnerability contexts.

**Recommendation 14.** At the minimum standard and expectation layers, the Code must strengthen the existing debt waiver provision at paragraph 141(d):

- *Minimum standard:* subscribers must genuinely consider a debt waiver where the customer is experiencing severe and ongoing hardship and has no reasonable prospect of repayment, and must communicate the decision in writing with reasons.
- *Expectation:* subscribers should presume that a waiver is appropriate where the debt has been charged off and the customer continues to experience severe hardship without a reasonable prospect of recovery.

**Recommendation 15.** At the guidance layer, the Code should include examples of the types of assistance subscribers may offer, covering both circumstances where the customer's financial position may be restored and circumstances where it cannot.

**Feedback sought:** *The Reviewer seeks specific feedback on (i) the implications of recognising disaster hardship as a distinct category (Recommendation 13), including the operational and accounting implications of genuine payment pauses; (ii) the implications of strengthening the debt waiver commitment at paragraph 141(d) (Recommendation 14), including subscribers' experience with the existing provision, the appropriateness of the proposed presumption, and the accounting, capital, prudential and remediation considerations; and (iii) the form and operation of examples of assistance in the Code (Recommendation 15).*

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## 5. Experiences of vulnerability and safety

*The Reviewer was asked to consider whether the Code’s vulnerability provisions remain appropriate in light of contemporary frameworks on consumer vulnerability, family violence, financial abuse and the abuse of older people, and whether the Code should reflect specific commitments and minimum standards in this area.*

### 5.1 Current Code approach

The Code addresses vulnerability principally at paragraphs 26 and 27, within the customer service standards part. Paragraph 26 lists circumstances that may indicate vulnerability, including age, disability, illness, mental health conditions, language barriers, cultural and ethnic background, low income, financial abuse, family violence and remote location. Paragraph 27 commits subscribers to take extra care when supporting vulnerable customers and to train staff to identify and respond to potential vulnerabilities.

Inclusive banking services sit at paragraphs 17–25. Working with a customer’s representative is dealt with at paragraphs 144–145. Domestic and family violence, the abuse of older people and incarcerated persons are not specifically addressed in the current Code.

### 5.2 Stakeholder feedback

#### 5.2.1 The contemporary framework reference points

Submissions to this review consistently identified four external reference points as the basis for contemporary treatment of consumer vulnerability:

- the *National Principles to Address Coercive Control in Family and Domestic Violence* (Standing Council of Attorneys-General, September 2023) (the National Principles);
- the Parliamentary Joint Committee report *Financial Abuse: An Insidious Form of Domestic and Family Violence* (December 2024) (the PJC report), which made Recommendation 31 directed specifically to this Code;
- the *Australian Standard AS 22458:2025* on consumer vulnerability;
- and the AFCA *Approach to Family Violence* (November 2025) and *Approach to Financial Abuse of Older People* (November 2025) (collectively, the AFCA Approaches).

The Joint Consumer Submission, AFCA, the COBCCC and the MFAA all referenced one or more of these instruments as the standard against which the Code’s vulnerability provisions should be assessed.

#### 5.2.2 The definition of vulnerability

AFCA’s submission observed that paragraph 26 in the Code relies on a list of circumstances that may result in banks focussing on checking off the list, without fully and holistically considering a customer’s particular situation. AFCA, the COBCCC and the Joint Consumer Submission each supported a

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redrafted vulnerability provision aligned with contemporary frameworks. The Joint Consumer Submission proposed a definition treating vulnerability as a dynamic state that can be amplified by bank conduct. Stakeholders consulted during the review observed that the existing ‘where reasonably practicable’ qualifier had been used by some institutions to deflect responsibility, and that a positive obligation to identify vulnerability is needed.

The MFAA’s submission supports the broad definition of vulnerability in paragraph 26 and the commitment to take extra care, while observing that the effectiveness of these protections depends on consistent implementation and that current settings rely largely on customer disclosure with limited guidance on how support should be applied across different circumstances. The MFAA identifies financial hardship, family violence and situations involving joint accounts or guarantees as scenarios where clearer guidance would promote more consistent and timely outcomes.

COBA’s leadership identified financial abuse and the abuse of older people as a focus area for the review.

### **5.2.3 Domestic and family violence and financial abuse**

The COBCCC, AFCA, the MFAA and the Joint Consumer Submission all support a dedicated chapter or set of provisions in the Code on domestic and family violence and financial abuse. AFCA’s *Approach to Family Violence* sets out expectations subscribers will be held to in disputes. The Joint Consumer Submission includes casework illustrating safety failures: contacting the other party, sending statements to a family home, requiring proof of family violence, excessive document demands and failure to accept financial counsellor letters of authority. Stakeholders consulted during the review described those issues as common practice.

Stakeholders consulted during the review identified the MARAM framework (Multi-Agency Risk Assessment and Management Framework) as a potential model for training requirements and observed that family violence response must be culturally embedded across the entire organisation, not confined to a specialist team. Frontline staff were described as being placed in difficult positions where they are required to make support decisions without the qualifications or training to do so, with the Code creating obligations that staff are not currently equipped to deliver.

The launch of the Financial Safety Alliance in January 2026 was identified by submitters as an industry initiative supporting a coordinated, safety-by-design approach to financial abuse responses across the banking sector, and welcomed.

### **5.2.4 Cognitive decline and abuse of older people**

AFCA’s *Approach to Financial Abuse of Older People* sets out expectations that subscribers will be held to in disputes. The Joint Consumer Submission supports specific Code-level recognition of cognitive decline and the abuse of older people. Stakeholders consulted during the review identified the difficulty staff face in identifying mental incapacity and the need for practical guidance for frontline situations. Submitters supported terminology aligned with the AFCA Approach (referring to ‘abuse of older people’ rather than ‘elder abuse’).

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### 5.2.5 Incarcerated persons

The *Banking Code* update introduced an amended, non-exhaustive list of vulnerability characteristics including a specific provision on incarcerated persons. Access to current, standard forms of identification can be difficult for incarcerated persons and persons recently released from incarceration. Stakeholders raised a number of concerns about barriers to banking by incarcerated persons, including identification, access to communication and debanking. AUSTRAC guidance on alternative identification frameworks that can be applied for cohorts that face structural identification barriers has been available since December 2022. The Joint Consumer Submission, AFCA and stakeholders consulted during the review supported the inclusion of a Code provision recognising incarcerated customers and customers whose immediate family members are incarcerated. Stakeholders consulted during the review noted that the intersection with Aboriginal and Torres Strait Islander disadvantage, with disability and with mental illness is well documented, with each of these cohorts substantially over-represented in the criminal justice system.

### 5.2.6 Concerns about misuse of vulnerability provisions

Stakeholders consulted during the review, including subscriber feedback through the subscriber workshops, raised the concern that vulnerability provisions can be misused, including by parties other than the customer themselves. Submitters supported the Code permitting subscribers to decline to apply a vulnerability or hardship provision where there is a reasonable basis to suspect misuse, with appropriate safeguards.

## 5.3 Key issues

### 5.3.1 The Code's vulnerability definition is structurally out of step with contemporary frameworks

The Code's paragraph 26 list of circumstances is the original 2014 framework adapted in 2018 and 2022. Contemporary thinking on customer vulnerability converges on four points: anyone can become vulnerable at any time; experiencing vulnerability is a personal situation that requires extra care and often a tailored response; there is no exhaustive list of factors that amount to vulnerability; and bank conduct can itself amplify consumer vulnerability through complex product design, opaque pricing, hard-to-navigate processes and excessive delays in communication or in resolving complaints. The list-based approach in paragraph 26 invites institutions to treat vulnerability as a checklist exercise, confirming the customer falls within a listed category rather than assessing whether the customer's circumstances and the bank's conduct combine to produce a need for extra care. The Code should adopt a definition that reflects the dynamic, conduct-amplified nature of vulnerability and aligns with the *AFCA Approaches*, the *National Principles*, *AS 22458:2025* and the *Banking Code*. Code terminology should also be updated from 'elder abuse' to 'abuse of older people', consistent with the *AFCA Approach to Financial Abuse of Older People*.

Because *AS 22458:2025* is accessible only for a fee, the Code must explicitly define the term and not by reference to *AS 22458:2025*.

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### 5.3.2 The Code lacks dedicated provisions on domestic and family violence and financial abuse

The current Code's treatment of family violence, as one item in the paragraph 26 list, does not match the harm pattern that submissions and consultations describe. Victim-survivors of domestic and family violence and financial abuse experience banking products and services in ways that the standard product design and service model does not anticipate. The convergence of the *National Principles*, the *PJC report Recommendation 31*, the *AFCA Approach to Family Violence, AS 22458:2025* and the Financial Safety Alliance supports a coordinated, safety-by-design approach to financial abuse responses.

The Banking Code's treatment of family and domestic violence is structurally similar to the Code's: family and domestic violence is named as a vulnerability factor (Banking Code paragraph 52(g)), and the substantive operational guidance on financial abuse, joint account design and warning signs sits in the ABA's Industry Guideline on financial abuse rather than within the Banking Code itself. The Reviewer's recommendation is that the Code should not replicate that approach. Industry guidelines that sit outside the Code are not enforceable through the COBCCC, AFCA or contractual incorporation. The substantive obligations need to sit within the Code, structured according to the layered model.

The Reviewer's view is that the Code should include a dedicated chapter on domestic and family violence and financial abuse, structured according to the layered model: commitments adopting the *National Principles'* understanding of coercive control and a safety-by-design approach; minimum standards binding on all subscribers including a prohibition on the use of subscribers' products to perpetrate financial abuse, an obligation to respond to warning signs, minimum requirements for joint account design, obligations in respect of coerced debt and credit reporting and minimum training and governance requirements; and expectations for progressive adoption of safety-by-design features in digital channels. Decisions affecting victim-survivors must prioritise the safety of the affected party.

### 5.3.3 The Code does not address cognitive decline or abuse of older people

The *AFCA Approach to Financial Abuse of Older People* sets out expectations subscribers will be held to in disputes. The Code is silent. Customers experiencing cognitive decline and customers being subjected to financial abuse, most commonly by a family member, carer or person in a position of trust, are exposed to specific harm patterns that generic vulnerability provisions do not address. The Reviewer's view is that the Code should include dedicated provisions on cognitive decline and the abuse of older people, aligned with the *AFCA Approach*. Provisions should include commitments to supported decision-making and customer autonomy; minimum standards for identifying warning signs, due diligence on powers of attorney, the obligation to speak privately with the customer where warning signs are present and in circumstances of handling unusual transactions; and expectations including safe-by-default product features.

### 5.3.4 Incarcerated customers face structural exclusion the Code does not address

Incarcerated customers face structural barriers to accessing banking services — to identification, to communication and to product continuity. The Reviewer's view is that the Code should commit to maintaining banking access for incarcerated customers as a commitment-level provision; require, as

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a minimum standard, adoption of the AUSTRAC alternative identification framework or equivalent risk-adjusted approach within each subscriber's anti-money laundering and counter-terrorism financing (AML/CTF) program; require the maintenance of the banking relationship through incarceration subject to lawful constraints; provide hardship arrangements that reflect the reality of incarcerated customers' circumstances; and prohibit automatic account closure triggered solely by incarceration.

### 5.3.5 Protection against misuse of vulnerability provisions

Subscriber concerns about misuse of vulnerability provisions are legitimate. Where there is a reasonable basis to suspect misuse by a person other than the customer, for example, a perpetrator of financial abuse seeking to use a vulnerability provision to access the victim-survivor's account, the subscriber should be expressly permitted to decline to apply the provision, with safeguards. This addresses subscriber concerns without weakening the protection for customers genuinely in scope.

## 5.4 Findings

**Finding 5.1.** The Code's vulnerability definition at paragraph 26 is structured as a list and does not reflect the contemporary frameworks (the *National Principles*, AS 22458:2025, the *AFCA Approaches*) which treat vulnerability as a dynamic state amenable to amplification by bank conduct.

**Finding 5.2.** The Code does not specifically address domestic and family violence and financial abuse. Stakeholder feedback supports a dedicated chapter setting out commitments, minimum standards, expectations and guidance, consistent with the layered model and aligned with the *National Principles*, the *PJC report Recommendation 31*, the *AFCA Approach to Family Violence* and AS 22458:2025.

**Finding 5.3.** The Code does not contain provisions specific to cognitive decline and abuse of older people. The *AFCA Approach to Financial Abuse of Older People* sets out expectations subscribers will be held to in disputes; the Code should align with this *Approach*.

**Finding 5.4.** The Code does not address customers who are incarcerated or whose family members are incarcerated. Stakeholder feedback supports specific recognition of this cohort, including through adoption of the AUSTRAC alternative identification framework.

**Finding 5.5.** The Code should expressly recognise the legitimate concern that vulnerability and hardship provisions may be misused by parties other than the customer. A safeguard provision permitting subscribers to decline application where they suspect misuse and potential harm to the customer.

## 5.5 Recommendations

**Recommendation 16.** At the minimum standard layer, the Code must replace its paragraph 26 list with a contemporary definition of vulnerability. The definition must recognise vulnerability as a dynamic state that may arise from personal circumstances, life events or the interaction with

banking products and services; acknowledge that bank conduct can itself amplify vulnerability; provide an illustrative non-exhaustive list of circumstances; and align with the *Banking Code*, the *AFCA Approaches*, the *National Principles* and *Australian Standard AS 22458:2025*. Code terminology should be updated from 'elder abuse' to 'abuse of older people'.

**Recommendation 17.** Structured according to the layered model, the Code must include a dedicated chapter on domestic and family violence and financial abuse, comprising:

- *Commitments*: adopting the National Principles' understanding of coercive control and a safety-by-design approach.
- *Minimum standards (binding on all subscribers)*: a prohibition on the use of subscribers' products to perpetrate financial abuse; an obligation to respond to warning signs; minimum requirements for joint account design; obligations in respect of coerced debt and credit reporting; and minimum training and governance requirements.
- *Expectations*: progressive adoption of safety-by-design features in digital channels.

Decisions affecting victim-survivors must prioritise the safety of the affected party.

**Recommendation 18.** Structured according to the layered model, the Code must include specific provisions addressing cognitive decline and abuse of older people, aligned with the *AFCA Approach to Financial Abuse of Older People*:

- *Commitments*: supported decision-making and customer autonomy.
- *Minimum standards*: identifying warning signs; due diligence on powers of attorney; the obligation to speak privately with the customer where warning signs are present; and specific handling of unusual transactions.
- *Expectations*: safe-by-default product features.

**Recommendation 19.** Structured according to the layered model, the Code must explicitly recognise customers who are incarcerated, recently released from incarceration, or whose immediate family members are incarcerated:

- *Commitment*: maintaining banking access for incarcerated customers.
- *Minimum standards*: adoption of the AUSTRAC alternative identification framework or equivalent risk-adjusted approach within each subscriber's AML/CTF program; maintenance of the banking relationship through incarceration subject to lawful constraints; hardship arrangements that reflect the reality of incarcerated customers' circumstances; and a prohibition on automatic account closure triggered solely by incarceration.

**Recommendation 20.** The Code should expressly permit subscribers to decline to apply a vulnerability or hardship provision where there is a reasonable basis to suspect misuse by a person other than the customer, with appropriate safeguards.

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## 6. First Nations perspectives on banking

*The Reviewer was asked to consider whether the Code adequately supports First Nations customers' access to banking services and to identify any specific Code provisions that should be developed to address First Nations banking experiences.*

### 6.1 Current Code approach

The Code addresses First Nations customers indirectly through inclusive banking provisions (paragraphs 17–25) and within the vulnerability provisions (paragraph 26). It does not contain dedicated First Nations provisions. The 2025 *Banking Code* addresses First Nations customers within its inclusive banking part (paragraphs 45(c), 48–51), with specific provisions on accessibility, alternative identification through AUSTRAC's framework, cultural awareness training for staff who regularly assist First Nations customers and guarantors, and assistance for customers in remote communities. This is a more developed treatment than the Code currently provides, although neither code includes a dedicated First Nations section. The Reviewer's recommendations in this Section go beyond the *Banking Code's* current treatment.

### 6.2 Stakeholder feedback

There are significant opportunities to improve outcomes for First Nations customers, as identified in stakeholder submissions, starting with the overwhelming call for a standalone section in the Code.

AFCA's submission states that First Nations customers are 'disproportionately represented in complaints relating to unauthorised transactions and unmet requests for financial difficulty assistance' and that First Nations customers represent 3–5% of complaints about customer-owned banks.

Submitters also raised alternative identification, language access and cultural safety, transaction account fees and Bank@Post arrangements in remote communities as key issues. The Joint Consumer Submission, AFCA and the COBCCC each drew on the findings of ASIC's *Better Banking for Indigenous Consumers project (REP 785)* — and the Joint Consumer Submission additionally cited the follow-on *Better and beyond report (REP 811)* — to argue that the Code should require proactive identification, clear definition of low- or no-fee accounts, and opt-out rather than opt-in migration. COBA expressed a preference for ASIC guidance to be relied on instead of revising the Code in this area.

### 6.3 Key issues

#### 6.3.1 The case for a standalone section in the Code

The rationale for a standalone section is not that First Nations customers are uniformly vulnerable. It is that the barriers First Nations customers face when accessing banking services (historical and contemporary) are structural, specific and distinct from the general concept of vulnerability. A standalone section allows the Code to set out commitments that are coherent and visible to

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customers, staff and compliance monitors, rather than being distributed across general provisions where their application to First Nations customers is implicit rather than stated.

COBA's submission supports addressing First Nations banking issues through engagement with ASIC's guidance, including the *Indigenous Financial Services Framework*, rather than through Code amendment. The Framework is an important document. It is not, however, a Code obligation, it is not monitored by the COBCCC and it is not enforceable through AFCA's dispute resolution jurisdiction. The existence of ASIC guidance does not answer the question of whether the Code should set out commitments on a matter of this significance. The Reviewer's view is that it supports the answer that the Code should do so, because the underlying problems are well-documented and the standards to be met are well-established.

A standalone section is also consistent with the direction of travel in the broader industry. The *Banking Code* has contained dedicated First Nations provisions since 2019, with the 2025 update setting out commitments on accessibility, alternative identification through AUSTRAC's framework, cultural awareness training and assistance for customers in remote communities at paragraphs 45(c) and 48 to 51. ASIC's *Reconciliation Action Plan 2023–26* and its *Indigenous Financial Services Framework* set out clear expectations for the financial services industry. The AUSTRAC alternative identification guidance provides a nationally sanctioned framework for flexible identification. Maintaining the current approach, where First Nations customers of customer-owned banks have materially weaker Code protections than customers of ABA member banks on identification, cultural awareness and inclusive banking, is difficult to defend on a principled basis.

### 6.3.2 Identification and verification

In December 2022 AUSTRAC first issued an alternative identification framework that supports the verification of customers who do not have access to standard identification documents (updated 2026). It provides a well-established, risk-based framework that enables financial institutions to accept alternative identification documents while maintaining their AML/CTF obligations. The guidance specifically addresses the circumstances of First Nations customers, people affected by family and domestic violence, customers impacted by natural disasters, incarcerated persons and other cohorts who face structural barriers to accessing standard identification. ASIC's Indigenous Outreach Program has documented the gap between the framework and consistent operational application across the banking sector. The Code should require subscribers to accept alternative forms of identification consistent with AUSTRAC's guidance, applied on a risk-adjusted basis in accordance with each subscriber's AML/CTF program. This obligation must apply across all circumstances in which customers face structural, situational or temporary barriers to standard identification, not solely First Nations customers.

### 6.3.3 Language access and interpreters

The current Code does not specifically address access to interpreters. For many First Nations people, English is not their first or even second language and language barriers place them at a disadvantage when engaging with banking products and services. The 2025 *Banking Code* requires member banks to provide access to interpreters at no cost where the customer is making or receiving a banking communication of material importance. The Joint Consumer Submission and AFCA support a similar

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requirement in the Code, with specific provision for interpreters qualified in relevant First Nations languages. The current ‘where reasonably practicable’ qualifier should be removed. In remote and very remote communities the pool of professional interpreters qualified in a relevant First Nations language is small and may include people connected to the customer through family, kinship or community networks. This creates a practical confidentiality risk that is not present where interpreters are drawn from a larger metropolitan pool. Subscribers must have protocols in place to protect confidentiality where professional interpreters are drawn from the customer’s kinship network. Supporting guidance on First Nations interpreter access should set out, at a minimum, that subscribers will: offer the customer a choice of interpreter where more than one qualified interpreter is available; provide the option of a non-local interpreter through telephone or video interpreting where the customer prefers; and require professional interpreters engaged by the subscriber to be bound by confidentiality undertakings.

#### **6.3.4 Cultural safety and training**

To create a culturally safe banking environment informed by historical trauma, subscribers should provide cultural awareness and cultural safety training to all staff who regularly engage with First Nations customers. Training must be co-developed with First Nations expertise, trauma-informed and subject to regular review. The Joint Consumer Submission noted that uneven training and reliance on individual staff initiative produces inconsistent customer experience.

#### **6.3.5 Inclusive transaction product design**

ASIC’s *Better Banking* reports (*Reports 785 and 811*) found that some First Nations customers are being placed in transaction accounts that attract higher fees relative to lower-fee alternatives offered by the same institution. The BCCC’s *Back to Basics* report on basic bank accounts has documented similar findings across the sector. These reports indicate that where a bank offers a low-fee or no-fee transaction account, the Code should require the subscriber to identify eligible low-income customers, including First Nations customers in receipt of government concession payments, using available transaction data and to migrate those customers to the low-fee account on an opt-out basis. AFCA’s submission proposes that the Code should ensure that “First Nations customers are informed about suitable banking products and services and supported to transfer to those accounts.” The Reviewer’s view is that proactive steps by subscribers deliver better customer outcomes by ensuring that low-fee options reach the customers they were designed to support, rather than depending on the customer to identify them. Where a subscriber does not offer such an account, the Code should require it to assess the design and distribution of its transaction products against the demographics of its customer base. Low and no-fee accounts should also be true to label. This obligation aligns with subscribers’ Design and Distribution Obligations under the *Corporations Act 2001* (Cth) and complements rather than displaces those duties.

#### **6.3.6 Self-identification**

By encouraging First Nations people to self-identify, banks can move beyond generic service models to more inclusive and responsive products and services. Subscriber practices on First Nations customer self-identification are inconsistent. Stakeholder feedback supports a Code-level commitment to enable voluntary self-identification on the basis of free, prior and informed consent. The Code should

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require subscribers collecting self-identification information to explain the purpose for which identification information will be used and to protect such information in accordance with privacy law. Self-identification must not be a precondition for accessing any banking service.

### 6.3.7 Financial counsellors and community workers

First Nations customers often rely on trusted support to help them navigate banking products and services. The Code should require subscribers to establish accessible pathways for financial counsellors and community workers supporting First Nations customers. This must include timely verification and acceptance of letters of authority, priority access for recognised community workers during outreach periods, and reduced documentation requirements where appropriate and lawful. This delivers a better customer outcome by reducing the practical barriers that currently delay access to support, particularly for customers in remote areas where outreach periods are time-limited and customers may not return to the support pathway if first contact is unsuccessful.

## 6.4 Findings

**Finding 6.1.** A standalone First Nations section in the Code must be developed through co-design with First Nations people. Co-design, rather than consultation on a Reviewer-drafted text, is the appropriate process given the structural and cultural matters the section will address and is consistent with the principle of free, prior and informed consent referenced in Finding 7.6.

**Finding 6.2.** There is no Code requirement to accept alternative identification in line with AUSTRAC guidance, potentially excluding First Nations customers without access to standard forms of identification.

**Finding 6.3.** The Code does not specifically address access to interpreters for First Nations languages. The ‘where reasonably practicable’ qualifier in current inclusive banking practice should be removed for material communications.

**Finding 6.4.** The Code contains no standard on cultural awareness and cultural safety training for subscriber staff that work directly with First Nations customers. Cultural competency for the sector requires a combination of mandatory training and trauma-informed practice.

**Finding 6.5.** There are no proactive requirements to help eligible customers transfer to suitable banking products and services. Inclusive transaction product design, including identification of customers eligible for low-fee accounts, should be addressed in the Code, drawing on ASIC’s *Better Banking for Indigenous Consumers* (Report 811) and *Back to Basics* (the BCCC report on basic bank accounts).

**Finding 6.6.** Subscriber practices on First Nations customer self-identification are inconsistent. The collection of such data should be based on free, prior and informed consent, including an obligation to explain the purpose of identification information and to protect that information in accordance with privacy law.

**Finding 6.7.** Many First Nations customers rely on the support of financial counsellors and community workers to manage their banking needs. The Code should recognise and facilitate

accessible pathways for financial counsellors and community workers supporting First Nations customers.

## 6.5 Recommendations

*The recommendations that follow address the First Nations-specific dimensions of access to banking services — standalone Code treatment, identification, interpreter access, cultural safety, trusted-support pathways, low-fee account migration, and Bank@Post arrangements. The broader Code obligation on accessible alternatives to digital-only service pathways for essential banking functions sits in Section 8 and applies to First Nations customers as part of the broader cohort affected.*

**Recommendation 21.** Structured according to the layered model, the Code must include a standalone section on banking services for First Nations customers, developed through co-design with First Nations people. COBA and subscribers must engage First Nations representatives as co-authors of this section, with shared authority over its content. The section must comprise:

- *Commitments* to First Nations customers, expressing the sector's recognition of the structural barriers First Nations customers face and its commitment to culturally safe banking.
- *Minimum standards* applying to all subscribers.
- *Expectations* that apply to subscribers with a significant First Nations customer base.
- *Supporting guidance* for implementation, developed in consultation with First Nations stakeholders.

**Recommendation 22.** At the minimum standard layer, the Code must require subscribers to accept alternative forms of customer identification and verification consistent with AUSTRAC's guidance, applied on a risk-adjusted basis in accordance with each subscriber's AML/CTF program. Subscribers must document their alternative identification procedures within their AML/CTF programs and ensure staff are trained to apply them. The provision must apply across all circumstances in which customers face structural, situational or temporary barriers to standard identification.

**Recommendation 23.** At the minimum standard layer, the Code must require subscribers to provide cultural awareness and cultural safety training to all staff who regularly engage with First Nations customers. Training must be co-developed with First Nations expertise, trauma-informed and subject to regular review.

**Recommendation 24.** At the minimum standard layer, the Code must require subscribers to provide access to interpreters, including interpreters qualified in relevant First Nations languages, at no cost to the customer, where the customer is making or receiving a banking communication of material importance. The current qualifier 'where reasonably practicable' must be removed. Subscribers must have protocols in place to manage confidentiality risks where professional interpreters are drawn from the customer's family, kinship or community networks.

**Recommendation 25.** At the minimum standard layer, the Code must require subscribers to establish accessible pathways for financial counsellors and community workers supporting First Nations customers. This must include timely verification and acceptance of letters of authority,

priority access for recognised community workers during outreach periods and reduced documentation requirements where appropriate and lawful.

**Recommendation 26.** At the minimum standard and expectation layers:

- *Minimum standard:* where a subscriber offers a low-fee or no-fee transaction account, the Code must require the subscriber to identify eligible low-income customers, including First Nations customers in receipt of government concession payments, using available transaction data and provide support to help them transfer to those accounts.
- *Expectation:* where a subscriber does not offer such an account, the Code must require it to assess the design and distribution of its transaction products against the demographics of its customer base, in a manner consistent with the subscriber's Design and Distribution Obligations under the *Corporations Act 2001* (Cth).

**Recommendation 27.** At the commitment and minimum standard layers:

- *Commitment:* subscribers will enable voluntary self-identification by First Nations customers, consistent with the principle of free, prior and informed consent.
- *Minimum standards:* subscribers must explain the purpose for which identification information will be used and protect such information in accordance with privacy law; subscribers must not make self-identification a precondition for accessing any banking service.

**Feedback sought:** *The Reviewer seeks feedback on the feasibility of providing access to interpreters in relevant First Nations languages (Recommendation 31) and on the proposal to provide proactive support of customers transferring to low or no-fee accounts and the design and distribution review of transaction products for subscribers who do not have such accounts (Recommendation 33).*

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## 7. Small business banking experiences

*The Reviewer was asked to consider whether the Code's small business provisions remain appropriate having regard to the current banking environment, the experiences of small business customers and developments in the 2025 Banking Code.*

### 7.1 Current Code approach

The Code's small business provisions sit primarily at paragraphs 76–88 (the lending provisions, including paragraph 76 — the diligent and prudent banker obligation — and paragraphs 78–88, the additional commitments for small business customers), paragraphs 95–99 (safeguards for co-borrowers, including the small business carve-out at paragraph 99), paragraphs 100–120 (safeguards for loan guarantors), paragraph 121 (guarantors who are directors of the borrower) and paragraphs 144–145 (working with the customer's representative, located within the financial difficulty part of the Code).

The current definition of small business in the Code turns on annual turnover of less than \$10 million. This captures most but not all customers that the Code's small business provisions are intended to protect.

The Code addresses farming customers at paragraph 34, which sits within the inclusive banking part of the Code rather than the small business lending provisions. Paragraph 34 commits subscribers to participate in farm debt mediation processes provided for in state-based legislation. The Code does not address default interest in declared drought or natural disaster events, farm debt mediation engagement standards beyond participation, or other commitments specific to farming customers in financial difficulty. Farming customers are otherwise treated under the Code's general small business provisions, including the lending provisions at paragraphs 76–88 and the financial difficulty provisions at paragraphs 135–145.

### 7.2 Stakeholder feedback

Submitters identified five key areas of concern:

- the small business definition itself, which is narrower than the *Banking Code* definition and creates inconsistency for customers who deal with subscribers and major banks;
- the absence of a duty of care in small business lending equivalent to clause 77 of the *Banking Code*, which requires the bank to exercise the care and skill of a diligent and prudent banker when considering a small business loan application or facility increase;
- specific drafting weaknesses in lending and enforcement provisions identified by the COBCCC and the MFAA;
- gaps in co-borrower and guarantor protections that, together, leave small business customers, and the individuals who guarantee small business loans, exposed to business-related financial abuse; and

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- the treatment of farming customers, including the absence of Code-level commitments on default interest in drought and natural disaster events and on farm debt mediation engagement, raised by the COBCCC and AFCA.

The ASBFEO submission focused on the small business definition and the duty of care, and supported alignment with the *Banking Code*.

## 7.3 Key issues

### 7.3.1 The small business definition

The 2025 *Banking Code* uses a three-limb definition: annual turnover of less than \$10 million; fewer than 100 full-time equivalent employees; and total debt to all credit providers of less than \$5 million. ASBFEO's submission recommended adopting this definition in full. The Joint Consumer Submission supported alignment with the ABA Code definition to ensure coverage of protections is equivalent. AFCA supported a dedicated small business chapter and closer alignment of standards with non-COB firms more generally. The MFAA identified the current definition as ambiguous and noted the opportunity for greater consistency. COBA suggested a 'business purpose' test framed around the loan rather than the borrower; this is simpler to apply but does not address which businesses are covered. The Reviewer's view is that consistency across customer-owned and ABA banks is the preferred model.

### 7.3.2 The duty of care gap

The most significant structural gap in the Code's small business provisions is the absence of a duty of care in small business lending. *Banking Code* clause 77 requires member banks to exercise the care and skill of a diligent and prudent banker when considering a small business loan application or facility increase. The Code contains no equivalent obligation; paragraph 76 of the Code applies the diligent-and-prudent-banker standard to lending generally, but the small business provisions themselves (paragraphs 78–88) do not carry through that standard with the operational specificity of *Banking Code* clause 77.

The duty of care standard does substantive work that the Code's current provisions cannot do. It enables AFCA to assess whether a bank was 'alive to indicators' of financial abuse, coercion or misdirection in loan applications, particularly where a third party was solely engaging with the bank on the borrower's behalf.

The 2019 review of the Code recommended including a responsible lending obligation for small business. It was not adopted. AFCA, the COBCCC and the Joint Consumer Submission have all revisited this gap. Customer-owned banks are not exempt from the risk of facilitating lending that harms the borrower or guarantor. The absence of a duty of care is not a deliberate choice suited to the sector's model; it is a gap the 2019 review declined to close.

### 7.3.3 Standards in small business lending

Beyond the duty of care, the COBCCC and the MFAA have identified specific drafting weaknesses in the existing lending and enforcement provisions: narrow assessment of repayment ability without sufficient emphasis on financial position, account conduct and projected cash flows; default notices

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that do not specify grounds; lack of clarity on how and when a loan may be enforced; opaque use of valuations; insufficient indication that shortened or no notice periods are exceptions rather than standard practice; the undefined term ‘material impact’; and a narrower approach to non-monetary defaults compared to the *Banking Code*. AFCA supports a dedicated small business chapter with clearer standards covering defaults, guarantees, valuations and financial difficulty. Ambiguity in lending and enforcement terms directly affects whether small business customers can understand and exercise their rights.

AFCA recommended the Code include non-monetary default provisions aligned with clause 87 of the *Banking Code*. The Reviewer welcomes stakeholder feedback on this proposal.

### 7.3.4 Co-borrower and guarantor protections

The Code currently provides co-borrower protections at paragraphs 95–98, with paragraph 99 exempting small business loans from those protections. Paragraph 121 limits guarantor protections where the guarantor is a director of the borrower. Paragraph 120(a) limits the asset-exhaustion protection in paragraph 119 where the borrower is a small business.

Each of these limitations addresses a legitimate concern but, taken together, they leave small business co-borrowers and guarantors exposed to business-related financial abuse — the use of business structures to expose individuals (typically spouses, partners or family members) to debt and financial liability without their knowledge, genuine consent or through coercion. The Joint Consumer Submission’s analysis demonstrates that the Code’s structure determines small business lending protections by legal classification (co-borrower, director, guarantor) rather than by reference to the individual’s actual control, consent or benefit. In business-related financial abuse cases, perpetrators exploit precisely those classifications: a spouse may be made a co-borrower of a small business loan with no benefit or consent; a partner may be made a director-guarantor without the assessment that paragraphs 95–98 would require if the loan were not classified as small business.

AFCA had independently identified the paragraph 99 co-borrower exemption as a concern and has recommended its removal. AFCA also proposed re-ordering paragraph 104 so that the existing paragraph 104(g), the requirement to recommend the guarantor obtain independent legal advice, appears as paragraph 104(a), giving earlier emphasis to legal advice ahead of the other elements of the prospective-guarantor notice.

The Reviewer notes that the COBCCC’s inquiry into how customer-owned banks are meeting their Code obligations to guarantors under paragraphs 104 to 106 is underway and approaching completion. The inquiry, referenced in the COBCCC’s *2024–25 Annual Report*, is being conducted in two phases: an industry snapshot of subscribers’ guarantor arrangements, followed by a sample review of compliance in practice. The Reviewer’s view is that any changes to the Code’s guarantor provisions should be considered in light of the inquiry’s findings.

The external policy environment supports addressing business-related financial abuse risk. The Parliamentary Joint Committee on Corporations and Financial Services examined financial abuse perpetrated through coerced directorships in its December 2024 report, *Financial abuse: an insidious form of domestic violence* (Recommendation 31). The Australian Government released a consultation

paper on combatting financial abuse through coerced directorships, *Combatting financial abuse through coerced directorships* (Treasury, November 2025), which also reinforces the need for a Code-level response to business-related financial abuse. The policy case for addressing this risk is now established at the national level.

### 7.3.5 Farming debt and default interest

Farmers are a distinct class of small business customers with unique financial risks. The Code currently refers to farming customers in paragraph 34, specifically in relation to farming debt mediation. The COBCCC submission asks to strengthen protections for farmers in the Code, including protections during declared drought or natural disaster events (e.g. not charging default interest or fees in lieu of default interest in those circumstances) and enhanced commitments on farm debt mediation and engagement. AFCA similarly recommends alignment with clauses 128 and 129 of the *Banking Code* on the charging of default interest at times of drought and natural disaster.

AFCA's submission also suggests a minor amendment to paragraph 34 to better reflect mandatory, state-based farm mediation laws. The Reviewer's view is that the Code should reflect the legislation. On the broader area of support for farmers, the Reviewer welcomes stakeholder feedback on the proposals.

## 7.4 Findings

**Finding 7.1.** The Code's small business definition is narrower than the *Banking Code* definition and should be aligned to ensure consistent protections for similarly situated customers across the banking sector.

**Finding 7.2.** The Code's lack of a small business duty of care equivalent to *Banking Code* clause 77 is a structural gap that materially limits AFCA's ability to scrutinise small business lending decisions by customer-owned banks. The *Banking Code's* clause 77 formulation provides a sound model.

**Finding 7.3.** The Code's small business lending and enforcement provisions contain specific drafting weaknesses that affect the rights of small business customers in default and enforcement situations. The COBCCC and the MFAA have identified these weaknesses in their submissions; the Code redrafting should address them.

**Finding 7.4.** Paragraphs 99, 120(a) and 121 of the Code, in combination, remove key co-borrower and guarantor protections from the individuals most likely to be harmed in business-related financial abuse cases. The policy environment, including the December 2024 PJC report and the Government's November 2025 consultation on coerced debt, now supports addressing this risk through Code amendment.

**Finding 7.5.** Business-related financial abuse is a category of vulnerability in its own right and warrants enforceable Code-level recognition consistent with the vulnerability provisions in Section 5.

**Finding 7.6.** The *Banking Code* extends substantially further than the Code on protections for farming customers, including through clauses 128 and 129 on the charging of default interest during

declared drought and natural disaster events. The Code's silence on these matters leaves farming customers of customer-owned banks without equivalent protection at points of acute financial stress, and warrants alignment with the *Banking Code* baseline.

## 7.5 Recommendations

**Recommendation 28.** At the minimum standard layer, the Code must strengthen its provisions on farming customers, including alignment with clauses 128 and 129 of the *Banking Code* on the charging of default interest in declared drought and natural disaster events, and Code-level commitments on farm debt mediation engagement.

**Recommendation 29.** At the minimum standard layer, the Code must adopt a small business definition aligned with the Banking Code: annual turnover of less than \$10 million, fewer than 100 full-time equivalent employees and total debt to all credit providers of less than \$5 million.

**Recommendation 30.** At the minimum standard layer, the Code must include a duty of care in small business lending. Subscribers must exercise the care and skill of a diligent and prudent banker when considering a small business loan application or an increase to an existing facility.

**Recommendation 31.** At the minimum standard layer, the Code must clarify the small business lending and enforcement provisions to address the technical issues identified by the COBCCC and the MFAA, including the basis for assessment of repayment ability, the requirement for default notices to specify grounds, the circumstances in which loans may be enforced, the purpose of valuations, the exceptional nature of shortened or no notice periods, the definition of 'material impact' and the treatment of non-monetary defaults.

**Recommendation 32.** At the minimum standard layer, the Code must amend its co-borrower and guarantor provisions to address business-related financial abuse risk. Specifically: paragraph 99 must be removed so that co-borrower protections in paragraphs 95–98 apply to small business loans; paragraph 121 must be amended to remove the broad director carve-out, with subscribers required to assess the genuine consent and benefit of a director-guarantor; and paragraph 120(a) must be amended so that the asset-exhaustion protection in paragraph 119 continues to apply to individual guarantors of small business borrowers.

**Recommendation 33.** At the minimum standard layer, the Code must recognise business-related financial abuse as a category of vulnerability in its own right, with an enforceable response consistent with the vulnerability provisions in Section 5 of this report.

**Feedback sought:** *The Reviewer seeks feedback on the implications of extending hardship-style protections to small business customers, including the operational implications of applying the duty of care in small business lending; the implications of removing or amending the co-borrower and guarantor exemptions in paragraphs 99, 120(a) and 121; the inclusion of non-monetary default provisions aligned with clause 87 of the Banking Code; and the proposed strengthening of farming customer protections, including alignment with clauses 128 and 129 of the Banking Code on default interest during declared drought and natural disaster events.*

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## 8. Digital banking, technology and service continuity

*The Reviewer was asked to have regard to the appropriateness of the Code's provisions, whether they meet consumer and community expectations, and the unique circumstances and business model of the customer-owned banking sector. This section addresses those matters in relation to the contemporary delivery of banking services, including digital channels, branch networks and service continuity.*

### 8.1 Current Code approach

The Code's drafting is technology-neutral. Digital and non-digital service delivery are addressed implicitly through the inclusive banking provisions (paragraphs 17–25), the communication provisions (paragraphs 15–16) and the broader fairness commitments in Promise 4. The Code does not specifically address branch closures, Bank@Post arrangements, artificial intelligence (AI), automated decision-making, system migration, outage response, service continuity during technological transitions, or de-banking.

There are opportunities for enhancement in the Code to ensure it appropriately addresses potential risks and poor consumer outcomes in this area.

### 8.2 Stakeholder feedback

Submissions and stakeholder consultations identified six recurring concerns.

#### 8.2.1 Branch closures

The customer-owned banking sector maintains a significant physical footprint in regional Australia. AFCA's submission notes that customer-owned banks operate one in every five regional bank branches, citing the Senate Standing Committee on Rural and Regional Affairs and Transport's 2024 report *Bank closures in regional Australia*. ASBFEO describes parallel sector initiatives, including the Regional Banking Investment Alliance and joint ventures with local councils to host branches in council offices, as continued investment in regional access.

Despite this, the Code contains no commitment on branch closures. The COBCCC notes in its submission that COBA has developed branch closure guidance for members, but that guidance has not been subject to broader consultation and is not publicly available. AFCA, ASBFEO, the COBCCC and the MFAA each recommend that the Code include a commitment to a branch closure protocol. AFCA and the COBCCC point to clause 9 of the *Banking Code*, which commits ABA member banks to comply with the ABA's published *Branch Closure Support Protocol*, as the relevant comparator.

#### 8.2.2 Bank@Post

In February 2026, the Banking Code Compliance Committee (BCCC) and the COBCCC published a joint report, *Code Compliance in Bank@Post Services*, examining how subscribers comply with their Code obligations when banking services are delivered through Australia Post. The joint report identified

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weaknesses across all five operational dimensions it examined — staff training and oversight, access to vulnerability indicators, referral pathways for vulnerable customers, complaints capture and overall compliance monitoring — with implementation of any response now sitting with the BCCC and COBCCC.

Stakeholder submissions raised separate concerns about Bank@Post that the joint report did not address. The Joint Consumer Submission and AFCA identified privacy, confidentiality and cultural safety risks where Bank@Post is the principal banking channel in small communities, including remote First Nations communities, communities with significant family violence prevalence, and other settings in which financial transactions carry personal safety implications. These concerns relate to the suitability of the Bank@Post arrangement itself, not to compliance within it.

ASBFEO recommends amending the Code to require subscribers to provide Bank@Post information on their websites and to review Australia Post’s training materials for Code-compliant service delivery.

### **8.2.3 AI and automated decision-making**

AFCA’s submission addresses AI directly. AFCA recommends that the Code include a commitment requiring human involvement and oversight in key decision-making roles, particularly where automated assessment tools are used in customer care, customer service and complex decision-making. AFCA argues that human oversight is necessary to mitigate bias and discrimination risk and to retain consumer trust. AFCA also notes a concerning rise in fraud driven by AI.

ASIC has raised concerns in consultation about agentic AI (systems that act on behalf of customers or banks with limited human mediation) and has stated that AI should not skew credit decisioning unfairly. ASIC has also conducted joint work with APRA on AI in banks.

Subscriber feedback was mixed. COBA confirmed it has no formal position on AI. One subscriber workshop participant suggested a principles-based approach to scams and AI in the Code, with AI disclosures positioned as a customer-facing guardrail. Another subscriber confirmed it is using or piloting AI in payments automation. Stakeholder feedback indicates that most customer-owned banks rely on two shared third-party technology platforms, which concentrates AI deployment decisions in a small number of providers.

### **8.2.4 System transitions and outages**

The Joint Consumer Submission identifies system migrations, mergers and technology upgrades as a specific risk for customer-owned banking customers. Recommendation 32 of that submission proposes minimum standards covering advance notice, clear instructions on changes to authentication and access pathways, alternative access channels during outages, protection of customer information (including vulnerability flags) during data migrations and accessible post-migration support.

The customer-owned banking sector is in a period of consolidation. System transitions resulting in customer harm and disruption to services are risks to be managed.

### **8.2.5 Alternatives to digital-only service pathways**

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The Joint Consumer Submission and stakeholders consulted during the review identified a recurring concern that essential banking functions are increasingly delivered through digital-only or digital-first channels, with limited or no accessible alternatives. The cohorts most affected include older customers, customers with disability, customers in remote communities, customers experiencing language barriers, customers in family and domestic violence situations, customers in financial difficulty and customers experiencing cumulative vulnerability.

The barriers vary by cohort but converge on the same outcome — the customer is unable to complete essential banking functions through the available channels. For First Nations customers in remote and very remote communities, the Joint Consumer Submission documents specific patterns of digital exclusion, including instances where multi-factor authentication cannot be reliably completed because mobile phones and SIM cards are shared and where digital infrastructure is intermittent or absent. For older customers and customers with disability, accessibility limitations in digital interfaces and the loss of in-person support channels produce a similar exclusion. For customers experiencing family and domestic violence, digital-only channels can compromise safety where shared devices or coerced access are involved.

Stakeholders identified essential banking functions as those required for the customer to operate their account and exercise their rights under the Code, including account opening and maintenance, access to statements and transaction records, hardship assistance and dispute resolution. AFCA's submission, the Joint Consumer Submission and the COBCCC's submission each identified the absence of guaranteed alternative pathways as a Code-level gap.

### 8.2.6 De-banking and scams

Submissions raised concerns about de-banking decisions — particularly those triggered by suspected scam activity — being made without adequate communication, written reasons or access to review. Stakeholders also identified the customer experience following a scam as an area in which Code-level protections are missing, including trauma-informed response, third-party representation and continued access to hardship and vulnerability provisions.

The Government's *Scams Prevention Framework*, established under Division 6 of Part IVF of the *Competition and Consumer Act 2010* (Cth), is excluded from this review (see Section 1.4). However, scam-related issues that fall outside the Framework, particularly customer-experience aspects, are within the customary scope of a banking code.

## 8.3 Key issues

### 8.3.1 The Code is silent on contemporary service delivery risks

The Code does not address the operational features of contemporary banking that produce harm for customers. Branch closures, Bank@Post arrangements, AI, system transitions, outages and de-banking are features of how customers experience their bank, with consequences ranging from inconvenience to exclusion. Customer-owned banks are not insulated from these risks: the sector is consolidating, most subscribers depend on shared third-party platforms, and Bank@Post is the principal alternative channel for many subscribers. A Code that does not address these matters cannot

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meet contemporary consumer and community expectations and will fall further behind the *Banking Code* over time.

### **8.3.2 The sector's regional contribution is real but not reflected in Code commitments**

The customer-owned banking sector's continued investment in regional branches is a genuine point of difference. AFCA, ASBFEO and the COBCCC each acknowledge this. The Code is the appropriate place to translate that contribution into customer-facing commitments, particularly where branches close. A public branch closure protocol monitored by the COBCCC would reflect what the sector already does, give customers and communities a clear standard, and align the customer-owned sector with the ABA's framework.

### **8.3.3 Bank@Post compliance gaps and suitability risks are distinct issues**

The BCCC/COBCCC joint report identifies compliance gaps in how Code obligations operate within the Bank@Post channel — training, vulnerability referrals, complaints handling and oversight. Stakeholder submissions identify a separate question about whether Bank@Post is suitable as the principal banking channel in small communities or in communities where privacy, confidentiality and cultural safety considerations are material. Both issues warrant Code-level treatment, but they require different responses. Compliance gaps require subscribers to strengthen their oversight and assurance arrangements with Australia Post; suitability requires subscribers to risk-assess the arrangement itself and to provide alternative confidential channels where Bank@Post is not appropriate.

### **8.3.4 AI is in operational use without Code-level customer protections**

AI is being deployed across the sector for fraud detection, credit assessment, customer service and dispute handling. The risks are not uniform: AI assisting fraud detection differs from AI making or influencing credit decisions, hardship decisions or customer communications. Customers cannot tell the difference between these uses without disclosure, and they cannot exercise rights they do not know they have. Minimum standards on human review of material decisions, transparency about AI use, a clear pathway to human review and enhanced protections for customers experiencing vulnerability would address this gap.

### **8.3.5 System transitions and outages risk continuity of access**

System transitions are foreseeable events. Customers can lose transaction history, vulnerability flags can be lost in data migration, authentication pathways can change without adequate notice, and phone support can become overloaded during transition periods. Outages are less predictable but produce similar harms, particularly where customers need access to funds in an emergency. Both warrant minimum standards in the Code, and the Joint Consumer Submission's Recommendation 32 provides a workable basis for those standards.

### **8.3.6 De-banking and post-scam customer experience are within the Code's scope**

De-banking decisions produce significant harm when made without communication, reasons or review, particularly where the trigger is suspected scam activity. The customer experience following a scam includes trauma response, third-party representation and continued access to hardship and vulnerability support. None of these matters is displaced by the *Scams Prevention Framework*, which

addresses prevention, detection and disruption rather than the customer experience following a scam event. The Code is the appropriate instrument for these service delivery commitments.

## 8.4 Findings

**Finding 8.1.** The Code does not adequately address contemporary service delivery risks, including digital exclusion as a defined harm pattern. The pattern is broader than digital-only or digital-first business models and can arise under any subscriber operating model.

**Finding 8.2.** The customer-owned banking sector's continued investment in regional branches is a recognised point of difference that the Code does not currently translate into customer-facing commitments. The absence of a branch closure commitment in the Code is increasingly difficult to reconcile with the *Banking Code* update and with the sector's own representations about its regional role.

**Finding 8.3.** Bank@Post raises two distinct Code matters: compliance gaps within the channel (training, vulnerability referrals, complaints, oversight), as documented in the BCCC/COBCCC February 2026 joint report; and the suitability of Bank@Post as the principal banking channel in small communities and communities where privacy, confidentiality and cultural safety considerations are material, as identified in stakeholder submissions. Both warrant Code-level treatment.

**Finding 8.4.** AI and automated decision-making are in operational use across the sector without Code-level protections for customers. Minimum standards on human review of material decisions, transparency, a clear pathway to human review and enhanced protections for customers experiencing vulnerability are required.

**Finding 8.5.** Service continuity during system transitions and outages warrants minimum standards in the Code, including preservation of vulnerability flags through data migrations and alternative access arrangements during outages.

**Finding 8.6.** The Code should address de-banking and the customer-experience aspects of scams that fall outside the *Scams Prevention Framework*, including trauma-informed response, third-party representation and continued access to hardship and vulnerability provisions.

## 8.5 Recommendations

**Recommendation 34.** Structured according to the layered model, the Code must include provisions on artificial intelligence (AI) and automated decision-making:

- *Commitment:* subscribers will be clear and accountable in their use of AI and automated decision-making, ensuring customers are not disadvantaged by the technology.
- *Minimum standards (binding on all subscribers):* material decisions affecting a customer must be made or reviewed by a human; subscribers must tell customers when AI has been used in a decision that materially affects them; and subscribers must provide a clear pathway to human review.

- *Expectations*: enhanced protections must apply for customers experiencing vulnerability.

**Recommendation 35.** At the commitment and minimum standard layers:

- *Commitment*: subscribers will support continued banking access for the communities they serve, including in regional and remote Australia.
- *Minimum standards*: the Code must include a public branch closure protocol, monitored by the COBCCC, including advance notice, customer impact assessment, consultation with affected communities and identified alternative service arrangements. The substance and form of the protocol should draw on the *ABA Branch Closure Support Protocol*, adapted for the customer-owned banking sector.

**Recommendation 36.** At the minimum standard layer, the Code must require subscribers to risk-assess their Bank@Post arrangements in small communities and in communities where privacy, confidentiality or cultural safety considerations are material — including communities with a significant First Nations customer base — and to provide alternative confidential channels where Bank@Post is not suitable. This recommendation does not apply to subscribers operating exclusively as digital-only banks.

**Recommendation 37.** At the minimum standard layer, the Code must include service continuity standards covering both transitions and outages:

- *Minimum standards for system transitions and mergers*: advance notice; clear instructions on changes to authentication and access pathways; alternative access channels; protection of customer information (including vulnerability flags) during data migrations; and accessible post-migration support.
- *Minimum standards for outages*: communication to affected customers; alternative access arrangements for essential banking functions; and escalation pathways for customers in vulnerable situations.

**Recommendation 38.** At the commitment and minimum standard layers:

- *Commitment*: subscribers will support customers affected by scams and de-banking decisions with clarity, written reasons and a fair pathway to review.
- *Minimum standards*: the Code's de-banking provisions must include specific commitments on communication, written reasons and review where a de-banking decision follows suspected scam activity. The Code must also address the customer-experience aspects of scams that fall outside the *Scams Prevention Framework*, including trauma-informed response, third-party representation and continued access to hardship and vulnerability provisions.

**Feedback sought:** *The Reviewer seeks feedback on the operational implications of the proposed AI and automated decision-making provisions (Recommendation 35), the form of the branch closure protocol (Recommendation 36), the Bank@Post risk assessment (Recommendation 37) and the merged service continuity standard (Recommendation 38).*



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## 9. Flexibility, proportionality and consistency

*The Reviewer was asked to consider the distinctive character of customer-owned banking and the appropriate role of proportionality and flexibility in Code drafting. The matters in this section are addressed substantively in the thematic chapters that precede and follow it; this section sets out the foundational position on flexibility, proportionality and consistency that runs through the report.*

### 9.1 Current Code approach

The Code does not contain a dedicated section on proportionality or on the distinctive character of the customer-owned banking sector. The sector's character is reflected indirectly through the Code's promise-based structure, the foreword and through paragraph 4 ('We are owned by our customers'). Proportionality is reflected indirectly through conditional language used throughout the Code (formulations such as 'where reasonably practicable', 'where appropriate' and 'we may') and through Part B obligations that defer to subscriber discretion in the method of compliance.

Two observations are relevant. First, the Code expresses what the customer-owned sector values but does not give those values practical effect through measurable obligations. Second, the Code's reliance on conditional language to deliver proportionality places interpretive discretion with the subscriber rather than setting a standard with defined exceptions. Both features are addressed in the layered model recommended at Section 3.

### 9.2 Stakeholder feedback

Stakeholder feedback on principles-based versus mandatory drafting and on the layered model is summarised in Section 3.2 and is not repeated here. The feedback below addresses two further dimensions specific to this Section — the distinctive character of customer-owned banking, and industry guidance and capability.

#### 9.2.1 The distinctive character of customer-owned banking

COBA's submission states that subscribers support the Code being used to demonstrate the point of difference and benefits of the customer-owned banking sector. The MFAA's submission identifies the Code's customer-first framing, including the use of clear, plain-language promises and an emphasis on fairness, transparency and relationship-based service, as reflecting the distinctive character of customer-owned banking and aligning with the member-owned model where customers are also owners.

The Joint Consumer Submission takes a different position: that the current Code does very little to reflect the distinctive character of customer-owned banking, that the seven promises do not refer to customer ownership or member accountability, and that customer ownership in the Code is descriptive rather than operational. The submission argues that an operational Code would require decisions on pricing, hardship or enforcement to explicitly consider member benefit where discretion

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exists; would contain stronger obligations to explain decisions to members; and would have additional protections because customers are also owners.

### 9.2.2 Industry guidance and capability

Submissions identified industry guidance as a feature that supports proportionate implementation across institutions of different sizes. The COBCCC's submission supports COBA developing supporting guidance materials in consultation with subscribers and stakeholders. COBA's submission supports proportionate, outcomes-based implementation supported by industry-developed materials. Stakeholders consulted during the review observed that COBA's role in setting industry guidance is not currently a primary focus of the industry body and that capability would need to be built and resourced over time.

## 9.3 Key issues

### 9.3.1 The customer-owned sector's distinctive character is not reflected in the Code's current commitments

The customer-owned model creates both opportunity and obligation. Subscribers are well placed to know their customers, to identify financial difficulty and vulnerability early and to apply judgement that respects individual circumstances. The Code does not currently translate this character into customer-facing commitments. The proposed Commitment 1 in the revised commitments at paragraph 3.3.6 ('We exist for our customers and communities') is the structural fix: a commitment-level statement of the sector's distinctive purpose, supported by detailed obligations across the priority areas in subsequent sections of the Code. This characterisation extends to subscribers' relationships with small businesses and other customer cohorts in their communities and is reflected in the recommendations in Sections 4 to 11 of this report.

### 9.3.2 Proportionality applies to method, not to standard

Across submissions the principle is consistent: proportionality affects how commitments are met, not what must be delivered. The Reviewer's view aligns with COBA, the COBCCC, the MFAA and the Joint Consumer Submission on this point. A customer experiencing financial difficulty is entitled to the same protection regardless of the size of their bank. A victim-survivor of family violence is entitled to the same safety considerations regardless of whether their account is held with a large mutual bank or a small credit union. The smallest subscriber must meet the minimum standard; the way it implements compliance — through outsourced services, joint capability across the sector, simplified internal procedures or shared platforms — may differ from how a larger subscriber meets the same standard.

The layered model of obligations described at Section 3 implements this principle by distributing proportionality across the layers: minimum standards apply uniformly across all subscribers; expectations describe higher standards above the legal minimum and are applied with proportionality to the size and circumstances of the subscriber; and guidance supports consistent implementation across institutions of different sizes. Proportionality applies primarily to the expectations layer and to guidance, not to minimum standards.

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### 9.3.3 Industry guidance is the principal vehicle for proportionate implementation

Submissions support industry guidance as the principal vehicle for proportionate implementation, with priorities and timeframes agreed between COBA and subscribers. This is the position recommended at Section 3 and adopted across Sections 4 to 11. Capability for guidance development needs to be built and resourced; the Reviewer's view is that the priorities for guidance, and a mutually agreed delivery timeframe, should be set by COBA and subscribers in consultation with regulators and consumer representatives, rather than imposed through the Code.

## 9.4 Findings

**Finding 9.1.** The customer-owned banking sector's distinctive character — member ownership, community connection, service-orientation — is not currently expressed in the Code's commitments and would be better reflected through the proposed Commitment 1 ('We exist for our customers and communities'), supported by detailed obligations across the priority areas in subsequent sections of the Code.

**Finding 9.2.** The customer-owned banking sector is composed of mutual banks and credit unions of various sizes, member profiles and product offerings. Proportionality is important in a diverse sector. Minimum standards should apply to all subscribers; the method of compliance can vary according to the scale, size and structure of the subscriber to achieve a consistent customer outcome. The layered model of obligations recommended at Section 3 implements this principle.

**Finding 9.3.** Industry guidance is the principal vehicle for proportionate implementation across institutions of different sizes. COBA's role in setting industry guidance is not currently a primary focus of the industry body and capability would need to be built and resourced. Subscribers and COBA, in consultation with regulators and consumer representatives, are best placed to set the priorities for guidance development and the timeframe for delivery.

## 9.5 Recommendations

**Recommendation 39.** At the commitment layer, the Code should reflect the distinctive character of customer-owned banking through its proposed Commitment 1 ('We exist for our customers and communities'), with detailed obligations across the priority areas in subsequent sections of the Code giving it practical effect.

**Recommendation 40.** Across all four layers, proportionality should be applied to the method of compliance, not to the substantive standards customers can expect. The layered model of obligations enables this: minimum standards apply uniformly across all subscribers; expectations describe higher standards above the legal minimum and are applied with proportionality to the size and circumstances of the subscriber; and guidance supports consistent implementation across institutions of different sizes.

**Recommendation 41.** At the guidance layer, COBA should develop the supporting guidance materials envisaged by the layered model in consultation with subscribers of different sizes and with relevant external stakeholders, including the COBCCC, AFCA and consumer representatives.

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Subscribers and COBA should agree the priorities for guidance development and the timeframe for delivery, and guidance should be reviewed periodically and updated to reflect regulatory developments between formal Code reviews.

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## 10. Governance, monitoring and assurance

*The Reviewer was asked to assess the performance and operations of the COBCCC and to consider whether changes to its governance, resourcing and powers are required to support effective monitoring of the Code. The Reviewer was also asked to consider the Code in light of ASIC approval requirements under RG183. This section also draws on a comparative review of the five Code Compliance Committees administered through AFCA's Code group (the BCCC, COBCCC, GICGC, IBCCC and LCCC) to identify areas of potential alignment across the sector.*

### 10.1 Current Code approach

The Code is administered by the COBCCC (the Committee), an independent body established under the Code and operating in accordance with its Charter (December 2023). The Committee is supported by a secretariat provided by the Code Group, an independent business unit within AFCA, under the Code Services Agreement.

The Committee's functions are set out in the Code at paragraphs 175 and 176 and include monitoring subscriber compliance, investigating breaches, conducting own-motion investigations, undertaking thematic reviews and reporting on sector compliance. Where a subscriber is found to have breached the Code, the Committee has a wide range of powers, including requiring subscribers to take corrective action and issuing directions and imposing sanctions, as set out in paragraphs 178 and 179 of the Code.

The Code is one of five industry codes whose compliance committees are administered through the Code Group. The other four are the *Banking Code of Practice* (BCCC, funded by the Australian Banking Association); the *General Insurance Code of Practice* (GICGC, funded by the Insurance Council of Australia); the *Insurance Brokers Code of Practice* (IBCCC, funded by the National Insurance Brokers Association); and the *Life Insurance Code of Practice* (LCCC, funded by the Council of Australian Life Insurers). All five committees share the same three-member composition (Independent Chair, Consumer Member, Industry Member) and use the Code Group as secretariat. They differ however across some of the dimensions most relevant to this Review: the independence of the Industry Member, the architecture of tenure and re-appointment caps, budget-default mechanisms, the allocation of substantive obligations between Code and Charter and the role of subscribers in Charter amendment.

### 10.2 Stakeholder feedback

#### 10.2.1 The Committee's approach to date

The COBCCC's published material and the Reviewer's consultations describe a Committee that has, over recent years, prioritised data-led monitoring, education and facilitative engagement with subscribers within an approved budget that has not supported the full range of Charter functions. Understanding this approach is necessary context for the resourcing, breach reporting and governance issues addressed in this Section.

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The COBCCC's stated core purposes, set out in its 2024–25 Annual Report, are to assess compliance with the Code, to highlight risks and good practices, and to guide subscribers on improving compliance and outcomes for customers. The Committee describes its working approach as one in which the first step is to work with the subscriber to rectify what has gone wrong, support compliance with the Code, and pursue better outcomes for customers, with sanctions powers used where fair and appropriate in the circumstances.

Two practical features of this approach merit attention. First, the Committee's investment in lifting the quality of breach and complaints reporting has been sustained over a number of years and is the precondition for a credible Code. Stakeholders consulted during this review identified that early breach reporting was unreliable, with a proportion of subscribers reporting no breaches, and that the Annual Compliance Statement program, individual Benchmark Reports, and one-on-one engagements with subscribers have materially improved the quality of self-reporting and the Committee's ability to identify systemic issues. The COBCCC's submission to this review records that limited capacity has constrained the scale and depth of monitoring, particularly the Committee's ability to initiate inquiries and conduct broader reviews; efficiency gains, the Committee notes, cannot substitute for sustainable resourcing.

Second, the Committee's recent investigative activity in 2024–25 — the issue of a Notice of Direction following an investigation into financial hardship practices, the finalisation of a second investigation into the accessibility of low and no-fee accounts, the joint Bank@Post inquiry with the BCCC and the commencement of an own-motion inquiry into guarantor arrangements — reflects the maturation of the data-quality and education work as the foundation for enforcement, rather than a discontinuity in approach.

The implication for this Section is that the structural reforms recommended below are not directed at correcting a Committee that has been inactive. They are directed at enabling the Committee to convert a deliberate facilitative-and-educative posture, sustained within budget constraints, into a stronger combination of facilitation, showcasing of leading and poor practice, and accountability for compliance, across a sector that includes subscribers ranging from very small credit unions to mid-sized mutual banks now exceeding \$30 billion in assets.

### **10.2.2 Role, functions and powers**

Submissions to this review are aligned on the position that the Committee's role, functions and powers under the 2022 Code and the 2023 Charter are broadly appropriate. COBA's submission states that the existing sanctions and directions powers are "broadly appropriate", with opportunities for streamlining and alignment with other Code Compliance Committees rather than expansion. The COBCCC's submission seeks structural and procedural refinement — strengthened appointment processes (Recommendation 23), relocation of operational mechanics from the Code into the Charter (Recommendation 24) and consultative breach reporting development (Recommendation 25) — but does not propose new powers. AFCA describes the COBCCC's role as essential, noting that an updated Code may require increased monitoring effort. The Joint Consumer Submission frames the COBCCC's role as more important than other code compliance committees of larger industries, given the proportionally smaller volume of AFCA complaints in the customer-owned sector and seeks strengthened operation rather than new authority.

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### 10.2.3 Resourcing

The COBCCC submission identified resourcing as a primary constraint on its ability to deliver against the full scope of its functions and Priority Monitoring Framework. The COBCCC budget requests are accompanied by detailed work plans. The Committee operates with an approved budget that has, in some recent years, been below its requested budget. The submission also states that with the continued evolution of the Code, expectations of the monitoring framework will also need to adapt, requiring adequate and sustainable resourcing. Variances between the Committee's requested budget and the approved budget have not been disclosed in the Annual Reports.

COBA's submission notes that funding has increased significantly over the past six years and welcomes continued dialogue on resourcing through the budget process.

The comparative position for the approval of budgets and work plans across the five Code committees is instructive. None of the committees publishes a detailed budget, though some publish financial statements. The BCCC Charter includes a defined date mechanism for approving budgets and business plans with no default rule in place, unlike the COBCCC, IBCCC and LCCC Charters. The IBCCC Charter contains a 'continue-to-resource' provision, the LCCC Charter has a 'reasonable-period obligation' and the COBCCC Charter allows for a workaround when no agreement to a budget and work plan is reached, defaulting to the previous year's budget and plan. The GICGC Charter and Constitution are silent on funding timing and default mechanisms.

### 10.2.4 Breach reporting

Stakeholders identified inconsistencies in the Committee's annual reporting templates and the limited time horizon over which trends can be tracked. The COBCCC indicated support for stabilising templates over multi-year periods and for guidance on what constitutes a breach and how subscribers should quantify scale and severity. Submissions and stakeholder consultations during the review identified support for a formal information-sharing arrangement between AFCA, the COBCCC and ASIC. AFCA's submission supports stronger coordination across the framework. The LCCC Charter specifically permits the LCCC to enter into appropriate arrangements with AFCA, ASIC and APRA for information exchange related to monitoring compliance with its Code. ASIC representatives consulted during the review identified breach reporting and data sharing between the COBCCC and ASIC as areas where coordination would improve outcomes. COBA's submission also identifies opportunities for greater alignment of the COBCCC's breach-reporting framework with ASIC's reportable situations regime, including targeted exemptions for minor matters and clearer guidance for subscribers on the level of information required.

The Joint Consumer Submission emphasises the COBCCC's role in identifying systemic issues that AFCA, with proportionally lower COB-related complaint volume, may not detect. This is relevant context for the materiality threshold question raised in COBA's submission: a threshold that reduces administrative burden on subscribers should not erode the systemic-issue identification function which drives continuous improvement.

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### 10.2.5 Composition of the Committee

Stakeholders consulted during the review identified that a current employee of a subscriber cannot reliably hold the same governance position as an independent appointee, because the duty to act in the interests of the subscriber-employer and the duty to monitor the subscriber's compliance with the Code can pull in different directions on the same matter. Based on publicly available material, the COBCCC is the only committee in the cohort whose Charter explicitly contemplates a serving subscriber employee as the industry member. The Charters for the GICGC, LCCC and IBCCC explicitly exclude a current employee of a subscriber, whereas the BCCC Charter is silent on the matter.

The consumer representative is appointed by the Consumers' Federation of Australia (CFA). The COBCCC is the only committee in the cohort whose Charter requires the consumer representative to be appointed by a body external to AFCA: the BCCC, IBCCC and LCCC Charters all provide for appointment by the consumer directors of the AFCA Board. The GICGC, in its Constitution, requires the consumer representative to be appointed by the consumer representatives of the AFCA EDR Board.

The COBCCC Charter (clauses 9 and 10) currently provides for a three-year term, renewable once — a maximum of two successive terms (six years total). This is more restrictive than the equivalent provisions in the BCCC Charter, which permits up to three consecutive terms (nine years total). The COBCCC's most recent renewal cycle saw all three members replaced within thirteen months. COBA's submission notes the governance risk associated with the recent rapid renewal cycle and proposes adjusting individual terms so that one position rotates each year.

### 10.2.6 Secretariat arrangement

COBA's submission raises the concern that the 2025 alignment of the *Banking Code* and *Customer-Owned Banking Code* secretariat teams may have diluted sector-specific focus on customer-owned banking issues. The submission seeks renewed committee focus on the sector.

### 10.2.7 Sanctions and information-gathering

The Joint Consumer Submission identified no formal sanctions across the four reported years to 2023–24 as a structural concern rather than as an indication that no breaches have occurred.

The Committee's reported 2024–25 activity includes the issue of a Notice of Direction, the finalisation of two investigations and the joint Bank@Post inquiry with the BCCC, with an own-motion inquiry into guarantor arrangements commencing in 2025–26, as well as its standard subscriber engagements and data and benchmarking reports.

### 10.2.8 Reporting and monitoring of internal dispute resolution complaints

The Committee monitors complaints data through two streams. The first is subscriber-reported complaints data drawn from subscribers' internal dispute resolution systems which feeds the Annual Compliance Statement program and the individual Benchmark Reports issued to each subscriber. The second is complaints, reported on in the Committee's Annual Reports.

COBA's submission distinguishes between two separate matters. On the bulk complaints data that subscribers report to the Committee, COBA considers this duplicative of ASIC's own collection under

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RG 271 and proposes that the Committee obtain the data directly from ASIC rather than requiring subscribers to report it twice. COBA does not address in this part of its submission how Code-obligation-level analysis would be preserved if the Committee were to rely on ASIC's IDR data feed, which is collected against general product and issue categories rather than against Code commitments. On the separate, much smaller volume of complaints made directly to the Committee by consumers, COBA supports continued reporting in the Committee's Annual Reports but proposes clearer outcome classifications to improve transparency — for example, investigated with action taken (and what action); investigated with no action (and reasons); closed without investigation (and reasons); referred to the subscriber for internal dispute resolution; and referred to AFCA for external dispute resolution.

The Joint Consumer Submission supports a continuing and strengthened role for the Committee in monitoring complaints data, noting that AFCA receives proportionally fewer complaints about customer-owned banks than about ABA-member banks (around 1,400 compared with 31,000 in the most recent year reported), which the consumer groups argue makes the Committee's sector-wide monitoring particularly important for systemic-issue identification. The consumer groups place specific weight on the Committee's capacity to identify potential systemic issues through breach reporting, independent investigations and thematic inquiries — functions they describe as more critical for the customer-owned sector than for larger industries given lower complaint volumes flowing to AFCA.

### 10.2.9 Guidance

The COBA submission supports the COBCCC publishing more guidance on what constitutes a breach and how subscribers should quantify scale and severity, including through the issue of a series of new guidance notes. This was supported by subscribers in various consultation meetings.

### 10.2.10 ASIC Code approval

Three independent submissions to this review (the COBCCC, AFCA and the Joint Consumer Submission) recommend that COBA seek ASIC approval following this review. ASIC *RG 183*, updated in December 2025, sets out the criteria for ASIC approval of an industry code. Approval is voluntary; not all industry codes are ASIC-approved. The *Banking Code* is ASIC approved. COBA's submission does not propose seeking ASIC approval at this review.

### 10.2.11 Cross-committee standardisation

COBA's submission notes that this review could serve as a starting point for industry associations to move iteratively toward a more standardised approach to code compliance committee governance, with the aim of lowering administrative burden on the secretariat and ensuring greater consistency in practice across the Code committees cohort.

## 10.3 Key issues

### 10.3.1 The Committee's role, functions and powers are appropriate

The Terms of Reference ask the Reviewer to consider whether the Committee's role, functions and powers are appropriate to deliver on its purpose. The Reviewer's view is that they are.

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The Committee's purpose, as set out in the Code and reflected in the Charter, is to monitor compliance with the Code, identify and address systemic issues and lift standards across the customer-owned banking sector. The functions and powers conferred to deliver that purpose — monitoring, data collection and analysis, investigation of suspected breaches, own-motion inquiries, the issue of directions and the imposition of sanctions, public reporting and stakeholder engagement — are appropriate to the task. No submission to this review proposes an expansion of those powers.

The structural reforms recommended in the remainder of this Section are directed at the conditions under which the Committee exercises its existing powers: independence in composition, resourcing assessed against function, sector-specific focus through the Charter, breach reporting stabilisation, tenure alignment and continued monitoring of complaints data. Strengthening those conditions, not expanding the Committee's authority, is what the evidence before this review supports.

### **10.3.2 The division between the Code and the Charter**

The Terms of Reference ask the Reviewer to consider whether the Committee Charter is the most suitable instrument to set out the Committee's functions and powers. The Reviewer's view is that the Charter is the right instrument for the operational mechanics of how the Committee functions, but that the constitutional features of the Committee — its existence, its independence, its powers to monitor, sanction and direct, its reporting obligations to the public — and all obligations on subscribers that the Committee is expected to monitor and that customers should be able to rely on in disputes must remain in the Code itself.

The COBCCC's submission supports this division at the principle level. Its Recommendation 24 proposes that detailed operational mechanics for oversight, investigations and sanctions sit in the Charter rather than the Code, on the basis that this preserves the Code as a clear customer-facing instrument and allows enforcement mechanics to be refined without requiring a full Code review. The Joint Consumer Submission suggests that obligations the COBCCC monitors and consumers can enforce must remain in the Code. These two positions are not in conflict if the line is drawn correctly. The substantive obligations stay in the Code; the operational machinery sits in the Charter.

Three implications follow. First, committee composition, appointment processes, internal procedures and breach reporting templates are Charter matters. Second, the Code should retain a clear statement that the COBCCC exists, that it operates independently, that its powers extend to monitoring, sanctioning and directing subscribers, and that it reports publicly on its work. Third, where the Charter requires amendment to give effect to the recommendations in this Section, those amendments are properly made through the Charter amendment process at clause 41 of the existing Charter, with appropriate stakeholder consultation.

### **10.3.3 Resourcing should be assessed against functions**

The Reviewer's view is that, on a sustainable basis, budget adequacy should be assessed against the full scope of functions in the Charter, Priority Monitoring Framework and the work plan submitted by the Committee. The reforms proposed in this section of the report are intended to enable the Committee to continue to develop its monitoring approach by showcasing both leading and poor practice in the sector, holding subscribers accountable, all while keeping an eye on systemic risks.

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The current budgeting process (Clause 24 of the Charter) sets a timeline for the Committee to submit a workplan and budget proposal, eight weeks out from the end of the financial year, with the COBA Board to use “its best endeavours” to finalise the budget prior to the start of the financial year. If not approved in time, the Charter triggers a default mechanism for the budget and workplan of the previous year to continue, until such time as the COBA Board makes a decision. Other committees in the cohort (except for the GICGC) have timebound budgeting processes, though none have a similar default trigger or “best endeavours” stipulation. The IBCCC Charter requires the committee to provide three months’ notice for major changes to the proposed budget.

Stable and sustainable funding is critical for the proper monitoring of subscriber compliance with the Code and consumer confidence in the promises to customers. The Reviewer suggests serious consideration of a move to multi-year resourcing, supported by rolling three-year budget settings, to allow the Committee to plan and resource thematic work, monitoring activity and investigations across the cycle, rather than year to year.

Recent approved budgets show meaningful uplift; the structural issue is the assessment basis, not solely the dollar figure. Reform toward a multiple-year budget cycle, would provide a more secure basis for resourcing adequacy and is worthy of further consideration by the sector.

#### **10.3.4 Breach reporting framework needs stabilisation and alignment**

The breach reporting regime can be enhanced by greater alignment with ASIC’s reportable situations regime, removal of duplication and clearer guidance from the Committee on what constitutes a breach (including how to quantify scale and severity). The Charter should also be amended to require COBCCC’s to consult with COBA and Code subscribers on the evolution of breach reporting, in line with the recommendation in their submission.

Materiality thresholds for technical breaches or breaches with minor impact may be considered as part of alignment with ASIC’s reportable situations regime, but only where they do not erode the Committee’s ability to identify systemic patterns or compromise its sector-wide monitoring. The Committee should retain authority over final reporting settings, with consultation on material change.

A formal information-sharing arrangement should be established between the COBCCC, AFCA and ASIC supported by a published Memorandum of Understanding.

#### **10.3.5 Independence in Committee composition needs a structural fix**

The Reviewer’s view is that an Industry Member who is a current employee of a subscriber sits in an unresolvable conflict — duty to the subscriber-employer on commercial, reputational and competitive matters, and duty to the Committee to monitor and report on that same subscriber’s compliance with the Code. The conflict is structural rather than conduct-based and cannot be managed through recusal alone, because the conflict affects deliberations on industry-wide matters as well as subscriber-specific ones. The LCCC, IBCCC and GICGC all exclude current employees of Code subscribers from sitting as the industry representative on the Committee.

Each of the other code committees in the cohort has its consumer representative appointed by a subgroup of the AFCA Board (consumer directors). The COBCCC is the only Committee where the

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appointment is made by the CFA. The Reviewer's view is that this is a strong independent model but welcomes feedback on whether alignment with the other Codes is more appropriate. To ensure the retention of good corporate knowledge across the life of the Committee and avoid the almost simultaneous turnover of Committee positions, the Reviewer suggests the Charter should provide for staggered appointments.

### **10.3.6 Tenure should align with the BCCC**

The Reviewer's view is that the Charter should be amended to permit up to three consecutive terms (nine years total), aligning the COBCCC with the BCCC. Three considerations support this position: first, the comparative position with the BCCC and Australian regulatory standards of ten- to twelve-year tenure limits (APRA 2025); second, the value of corporate knowledge during the period in which the Code is being substantially redrafted following this review; and third, the disruption that occurs when an entire Committee turns over within a thirteen-month window.

### **10.3.7 The AFCA secretariat arrangement should continue, with sector-specific focus**

The Reviewer was asked to consider alternative governance models for Code compliance monitoring. The Reviewer's view is that the underlying governance arrangement is appropriate: the AFCA secretariat arrangement should continue. Co-locating the financial services Code Compliance Committees within AFCA's Code Group delivers shared expertise, methodological consistency and operational efficiencies that no individual sector secretariat could replicate. Locating monitoring of the Code within a body of AFCA's regulatory standing also gives consumers and other stakeholders confidence that compliance is being independently and credibly assessed, reinforcing the assurance the Code is intended to provide.

The alignment of secretariat teams for the COBCCC and BCCC is appropriate and strengthens the support available for monitoring of two separate and distinct Codes with similar products, services and external regulatory environments. COBA's concern about the potential loss of a customer-owned banking specific focus with the operational alignment within the Code Group is best addressed not by unwinding those arrangements, but through the COBCCC Charter. The Charter currently frames the Committee's role in procedural terms — promoting good practice compliance, acting impartially, fairly and transparently, and publishing its work — without anchoring those functions to the values the customer-owned banking sector commits to in the Code. The Charter's Guiding Principles at clause 1 should be amended to make clear that the Committee, as an independent body, carries out its functions in a way that holds subscribers to account against the values expressed in the Code: customer ownership, member benefit and accountability to customers and communities. The Committee's independence from COBA, from subscribers and from the secretariat is foundational to that role and must be preserved in any amendment. Consistent with the layered model recommended at Section 3, this anchors the Committee's monitoring and standard-setting work to the sector's foundational commitment that it exists for its customers and communities, while keeping the Committee structurally and operationally independent of the sector it monitors. The *Banking Code* and *Customer-Owned Banking Code* remain separate instruments and that distinction continues to be an important point of difference that the Reviewer considers should be retained.

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### 10.3.8 The Committee's role in monitoring complaints data should continue

The Terms of Reference ask whether there is a continued need and role for the Committee in reporting and monitoring of internal dispute resolution complaints. The Reviewer's view is that there is, and that both streams of monitoring described at Section 10.2.8 should continue.

The subscriber-reported stream, aligned with ASIC's IDR data reporting, is the basis for the Committee's sector-wide identification of systemic issues and feeds the Annual Compliance Statement program and the individual Benchmark Reports. Its value is heightened by AFCA receiving proportionally fewer complaints about customer-owned banks than about ABA-member banks (around 1,400 compared with 31,000 in the most recent year reported), which limits AFCA's capacity to identify sector-wide patterns from complaint volume alone. The smaller stream of complaints received directly by the Committee plays a different and complementary role, and the Committee's reporting on it would benefit from the clearer outcome classifications proposed in COBA's submission.

COBA's proposal that the Committee source this data from ASIC rather than from subscribers is not adopted. ASIC's IDR data is collected against product and issue categories under RG 271, not against Code obligations and the Committee's analytical capacity to connect complaints patterns to Code commitments depends on data collected with that connection intact.

### 10.3.9 Potential areas for alignment with BCCC drafting

The BCCC Charter defines key processes — the 21-business-day response standard for information requests with clearly articulated exceptions, the budget timetable, the breach data collection and assessment regime and the explicit triggers for the sanctions power — where the COBCCC Charter relies on undefined, 'reasonable' or implicit standards. Alignment with the BCCC on these specific provisions would strengthen procedural certainty for COBCCC subscribers, improve the data architecture available to support oversight and position the COBCCC framework for ASIC approval, without requiring departure from the COBA model's distinctive features. Whether to update the COBCCC Charter to reflect the recently revised BCCC model, and how to allocate provisions between the Code and the Charter without weakening their substance, is an area for COBA to consider, in dialogue with the COBCCC. Charter clause 41 (variation of the Charter) would benefit from a defined meaning of 'material' alteration and a structured stakeholder consultation requirement.

### 10.3.10 ASIC Code approval is the right destination but not the right step now

The Reviewer was asked to consider Code development in light of *RG 183*, its requirements of self-regulatory codes and the benefits of seeking ASIC approval. The question is not whether ASIC approval is a worthy goal but whether the conditions for a credible application exist now and whether seeking approval at this stage would advance or constrain the Code's development. On the material before the review, the Reviewer's view is that these conditions are not yet met.

First, eligibility. *RG 183* sets out, as an additional criterion for approval, that an approved code must set standards that exceed or clarify existing legal requirements (*RG 183* Table 5). As this report records, the Code often restates existing legal obligations. The shift this review recommends, from a Code that

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mirrors the law to one that articulates customer-facing commitments above and beyond it, needs to be embedded and operationalised before ASIC's eligibility threshold can be credibly met.

Second, compliance infrastructure. *RG 183* requires that an approved code be supported by effective administrative systems for monitoring compliance, with outcomes publicly reported at least annually and independent monitoring by a body that is properly resourced (RG 183.42 Table 4 and RG 183.66–183.71). On the evidence before this review, whether the COBCCC meets the "properly resourced" requirement is not assured. The Committee's own submission states that limited capacity constrains the scale and depth of its monitoring, including its ability to initiate inquiries and conduct broader reviews.

Third, the enforceable code provision regime is unlikely to produce the consumer benefits proponents anticipate at this stage of the Code's development and risks creating a perverse incentive against ambition. Under *RG 183*, civil penalty enforcement attaches to a voluntary code only through enforceable code provisions (ECPs) and ECPs may only be included in an approved code where the applicant proposes them and ASIC agrees (RG 183.15, RG 183.60, RG 183.63). Industry is not obliged to nominate provisions as enforceable. As at the issue of the December 2025 update to *RG 183*, no ASIC-approved code contained any enforceable code provisions; the *Banking Code*, most recently approved in 2025, did not include any. The *General Insurance Code* Review made similar observations about industry incentives, noting that the prospect of civil penalty exposure tends to discourage rather than encourage the nomination of substantive provisions as enforceable.

There is a related and more subtle risk for the customer-owned banking sector specifically: where ASIC approval is being pursued, subscribers may be tempted to keep substantive Code commitments cautious in order to reduce the prospect of those commitments later being designated as enforceable, with the result that approval suppresses rather than lifts standards. The Reviewer's view is that the Code should first be redrafted to sit clearly above the legal floor and embedded in subscribers' practice, with the consumer-facing commitments contractually incorporated into customer agreements (an approach *RG 183* expressly supports at RG 183.45–183.46 and RG 183.54, and one already used under the *Banking Code*) before approval is sought.

Fourth, agility. Once approved, material changes to a code require ASIC consideration and approval (RG 183.111–183.114). The next Code needs to be a living document, capable of iterative improvement as the sector builds capability and confidence. ASIC approval should follow that period of iteration, not precede it.

The Reviewer's view is that ASIC approval is not the right step at the conclusion of this review. The appropriate path is deliberate transition. ASIC approval should be expressly placed on the agenda for the next Code review, to be assessed against defined readiness criteria.

## 10.4 Findings

**Finding 10.1.** The Committee's role, functions and powers as set out in the Code and the Charter are broadly appropriate to deliver on its purpose. No submission to this review proposes an expansion of those powers. The structural reforms recommended in this Section — on resourcing, Industry Member independence, Charter-anchored sector focus, breach reporting and tenure —

strengthen the Committee’s ability to exercise existing powers credibly rather than expanding the powers themselves.

**Finding 10.2.** The Charter is the right instrument for the operational mechanics of the COBCCC. The constitutional features of the Committee, and all obligations on subscribers that the COBCCC is expected to monitor and that customers should be able to rely on in disputes, must remain in the Code itself. The COBCCC’s own submission supports this division. Where the recommendations in this Section require changes to committee composition, appointment processes or breach reporting requirements, those changes are properly made through Charter amendment.

**Finding 10.3.** Funding approved in recent years has fallen short of what the COBCCC needs to discharge its full Charter and Priority Monitoring Framework functions, though recent approvals show meaningful uplift. Charter clause 24, which allows for “best endeavours” approval and a default to the previous year’s budget and work plan is inconsistent with the other code committees in the cohort. A sound resourcing footing calls for the budget to be sized against the Committee’s full mandate, with rolling three-year settings, a published annual work plan and disclosure of any gap between the budget requested and the budget approved.

**Finding 10.4.** The COBCCC has, over recent years, prioritised data-led monitoring, education and facilitative engagement with subscribers within an approved budget. Sustained investment in the quality of breach and complaints reporting has been the precondition for credible enforcement, and as data quality has improved the Committee has been able to convert that foundation into thematic and investigative activity. With sustainable resourcing and the structural reforms recommended in this Section, the Committee is positioned to make a stronger contribution to identifying and showcasing leading and poor practice across the sector while holding subscribers accountable for compliance.

**Finding 10.5.** The breach reporting framework requires stabilisation, supported by guidance from the Committee on what constitutes a breach and how subscribers should quantify scale and severity, alignment with ASIC’s reportable situations regime where appropriate and removal of duplication. Materiality thresholds for technical breaches or breaches with minor impact may be considered, provided they do not erode the Committee’s ability to identify systemic patterns or compromise sector-wide monitoring. The Committee should retain authority over final reporting settings, with consultation on material change. A formal information-sharing arrangement should be established between the COBCCC, AFCA and ASIC.

**Finding 10.6.** The Committee composition for the COBCCC Charter at clause 3(a) currently allows the Industry Member to be a current employee of a customer-owned bank. This places the Industry Member in a structural conflict — a duty to the subscriber-employer on commercial, reputational and competitive matters, and a duty to the Committee to monitor and report on that same subscriber’s compliance with the Code. The conflict cannot be managed through recusal alone and the GICGC, LCCCC and IBCCC all exclude current employees of subscribers from being appointed to the committee. CFA appointment of the consumer representative to the COBCCC is not aligned with the appointment processes used by other Code Compliance Committees in the cohort, but remains

a strong, independent model. The Charter should provide for staggered appointments and selection processes that prioritise technical expertise, integrity and independence.

**Finding 10.7.** The maximum tenure provision in Charter clause 10 (two successive terms, six years total) is more restrictive than the equivalent provision in the BCCC Charter (three consecutive terms, nine years total). Aligning the COBCCC with this benchmark, while introducing staggered appointments, would preserve corporate knowledge through the post-review redrafting period and bring the COBCCC into line with the most recently revised governance model in the cohort.

**Finding 10.8.** The AFCA secretariat arrangement should continue. Co-locating the Code Compliance Committees within AFCA's Code Group delivers efficiencies and institutional credibility that support the Committee's monitoring role. The Committee's effectiveness depends on its independence from COBA, subscribers and the secretariat being preserved, and on the Committee directing its own work. The Charter and the Code Services Agreement are the right instruments to give effect to these requirements.

**Finding 10.9.** There is a continued need and role for the Committee in reporting and monitoring of complaints data drawn from subscribers' internal dispute resolution systems. The Committee's alignment with ASIC's IDR reporting should continue. The Committee's reporting on complaints received directly from consumers should be strengthened through clearer outcome classifications.

**Finding 10.10.** The drafting of the BCCC Charter provides a useful model for explicit enumeration of sanctions as well as triggers, information-gathering powers with defined timeframes and the investigatory framework. Whether to update the COBCCC Charter to reflect this model, and how to allocate provisions between the Code and the Charter without weakening their substance, is an area for COBA to consider, in dialogue with the COBCCC. Charter clause 41 (variation of the Charter) would benefit from a defined meaning of 'material' alteration and a structured stakeholder consultation requirement.

**Finding 10.11.** ASIC approval of the Code is not appropriate at the conclusion of this review. Approval should be placed on the agenda for the next independent Code review, to be assessed against defined readiness criteria.

## 10.5 Recommendations

**Recommendation 42.** COBA must ensure the COBCCC is resourced to deliver the full range of functions set out in its Charter and Priority Monitoring Framework, including the capacity to conduct own-motion investigations, thematic reviews, proactive monitoring and the testing (rather than solely receiving) of subscriber compliance reports.

**Recommendation 43.** The Charter must be updated to amend clause 24 to provide for greater timeframe and process certainty on the budgeting cycle. COBA should give serious consideration to the feasibility of a multiple-year budget cycle, to provide a more secure basis for resourcing adequacy and forward planning through the COBCCC.

**Recommendation 44.** On Committee composition, the COBCCC Charter must be amended at clause 3(a) so that the Industry Member is not a current employee of a subscriber. The Industry Member

must hold relevant experience of the customer-owned banking sector — for example, as a former employee of a customer-owned bank or in a comparable role with sector-specific expertise — but must not, at the time of appointment or during the term of office, be an employee of a subscriber. The maximum tenure provision is amended to permit up to three consecutive terms (nine years total), aligning the COBCCC with the BCCC; Committee member terms are staggered so that no more than one position rotates each year; and selection processes prioritise technical expertise, integrity and independence.

**Recommendation 45.** The AFCA Code secretariat arrangement should continue. The COBCCC Charter must be amended to anchor the Committee's work to the values the customer-owned banking sector commits to in the Code, while preserving the Committee's independence from COBA, subscribers and the secretariat.

**Recommendation 46.** The breach reporting framework must be stabilised, with reporting templates held constant across multi-year periods and material changes subject to prior consultation with COBA and subscribers. Reporting must be aligned with ASIC's reportable situations regime where appropriate, and materiality thresholds adopted for minor matters that do not warrant individual reporting. The COBCCC must publish guidance on what constitutes a breach and how subscribers should quantify scale and severity, and retains final authority on reporting settings.

**Recommendation 47.** The Committee's role in reporting and monitoring complaints data drawn from subscribers' internal dispute resolution systems should continue.

**Recommendation 48.** COBA should not seek ASIC approval of the Code at the conclusion of this review. ASIC approval should be placed on the formal agenda of the next independent Code review, to be assessed against defined readiness criteria.

**Recommendation 49.** Charter clause 41 (variation of the Charter) should be amended to define 'material' alteration and to require structured stakeholder consultation, including consultation with the COBCCC, subscribers and AFCA before any material amendment is agreed.

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## 11. Deceased estates

*The Reviewer was asked to have regard to the appropriateness of the provisions of the Code and to any additional matters considered relevant to be included in the Code, including matters arising from the Royal Commission. This section addresses the treatment of deceased customer accounts and estate matters as a matter the Code does not currently address.*

### 11.1 Current Code approach

The Code is currently silent on the treatment of deceased customer accounts and estate administration. Subscribers operate against general law and against internal policies. Several customer-owned banks indicated in submissions that they use Section B8 of the *Banking Code* as a proxy for guidance on managing deceased estates. There is no Code-level commitment to any minimum standard for the treatment of estate representatives, the cessation of fees or interest after notification of death, communication settings or the reduction of administrative burden.

### 11.2 Stakeholder feedback

The estateXchange submission and the AFCA submission set out the principal issues. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry identified significant gaps in ABA member banks' treatment of deceased customers, including continued fee charging, repeated requests for documentation already provided and inconsistent communication with estate representatives. The Royal Commission's findings prompted the 2025 *Banking Code* update to include dedicated provisions on deceased estates. The estateXchange submission and the AFCA submission identified the customer-owned sector's opportunity to apply equivalent standards.

The COBCCC's submission supports the introduction of dedicated Code commitments for managing deceased estates. The Joint Consumer Submission also identifies the absence of deceased estates provisions as a gap relative to the *Banking Code*.

#### 11.3.1 Treatment of estate representatives

Estate representatives, usually family members in the period immediately following bereavement, should be treated promptly, respectfully and sensitively. The Code should set out minimum standards for prompt acknowledgement of notification of death, identification of a single point of contact for the estate, provision of clear written information about the bank's processes and the documentation required and likely timeframes.

#### 11.3.2 Account management during administration

On notification of death, the Code should require subscribers to cease charging ongoing fees and interest to the relevant accounts that are not legally or contractually required to continue; cease sending correspondence addressed to the deceased once the relevant accounts are confirmed and the bank's records updated; identify a point of contact for the estate representative for the duration

of the administration process; and deal with estate representatives promptly, respectfully and sensitively.

### 11.3.3 Reduction of administrative burden

Subscribers should take reasonable steps to reduce duplication and administrative burden for estate representatives, including by accepting verified documentation provided by authorised professional representatives where this is practicable and consistent with the bank's AML/CTF obligations; supporting electronic notification and communication channels for estate administration where this meets the bank's security requirements; and applying documentation requirements that are proportionate to the complexity and value of the estate.

### 11.3.4 Public accessibility and staff training

A subscriber's deceased estate processes should be publicly accessible, including through its website. Staff who interact with estate representatives should be appropriately trained to do so with sensitivity and efficiency.

## 11.4 Findings

**Finding 11.1.** The Code is currently silent on deceased estates. The Royal Commission's findings on major-bank treatment of deceased customers — including continued fee charging, repeated documentation requests and inconsistent communication — establish a clear baseline of practice that the customer-owned sector should explicitly meet or exceed.

**Finding 11.2.** Stakeholder feedback supports the inclusion of a dedicated section in the Code, drawing on the *Banking Code* update for substance and on the estateXchange and AFCA submissions for operational specificity.

**Finding 11.3.** Estate representatives are often vulnerable when engaging with a bank about a deceased customer's accounts. The Code should set minimum standards on the treatment of estate representatives, account management during administration and the reduction of administrative burden. It should also require subscribers to publish their deceased estate processes and to train staff appropriately.

## 11.5 Recommendations

**Recommendation 50.** Structured according to the layered model, the Code must include a dedicated section on deceased estates:

- *Commitment:* subscribers will deal sensitively with customers' families when a customer dies, treating estate representatives promptly, respectfully and sensitively.
- *Minimum standards* (set out in Recommendations 51 and 52).
- *Expectations* (set out in Recommendation 53).

**Recommendation 51.** At the minimum standard layer, on notification of a customer's death, a subscriber must acknowledge receipt of the notification promptly; cease charging ongoing fees and

interest to the relevant accounts that are not legally or contractually required to continue; cease sending correspondence addressed to the deceased once the relevant accounts are confirmed and the bank's records updated; provide estate representatives with clear written information about the bank's processes for administering a deceased estate, including the documentation required and the likely timeframes; identify a point of contact for the estate representative for the duration of the administration process; and deal with estate representatives promptly, respectfully and sensitively.

**Recommendation 52.** At the minimum standard layer, a subscriber must take reasonable steps to ensure that its deceased estate processes are publicly accessible, including through its website, and that staff who interact with estate representatives are appropriately trained to do so with sensitivity and efficiency.

**Recommendation 53.** At the expectation layer, a subscriber should take reasonable steps to reduce duplication and administrative burden for estate representatives, including by accepting verified documentation provided by authorised professional representatives where this is practicable and consistent with the bank's AML/CTF obligations; supporting electronic notification and communication channels for estate administration where this meets the bank's security requirements; and applying documentation requirements that are proportionate to the complexity and value of the estate.

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## 12. Additional issues raised through the review

*The Reviewer was asked to have regard to any additional matters considered relevant to be included in the Code. This section addresses issues raised through the submission process that were not specifically contemplated in the Consultation Paper but fall within the scope of the Terms of Reference: customer advocates, and three discrete drafting matters in the existing Code.*

### 12.1 Current Code approach

The current Code does not address customer advocates or member advocates. Subscribers are not required by the Code to appoint such a role, and there is no Code-level commitment to the structural independence, reporting line or scope of any equivalent function that may exist within a subscriber bank.

The Code review also identifies practical implementation issues with Code provisions. Three discrete drafting matters have been identified through the review at paragraphs 88 (continuing credit contracts), 90 (credit card payment allocation) and 151 (debt recovery). Paragraph 88 commits subscribers to give notice before cancelling a continuing credit facility but the language is ambiguous. Paragraph 90 sets out a payment allocation rule for credit card accounts that sits in potential conflict with section 133BP of the *National Consumer Credit Protection Act 2009* (Cth). Paragraph 151 references the *Code of Operation: Recovery of Debts*, an industry instrument that expired in October 2024, and the reference is therefore legally inoperative.

### 12.2 Stakeholder feedback

#### 12.2.1 Customer advocates

The Joint Consumer Submission and stakeholders consulted during the Consumer Workshop both supported a customer advocate or member advocate role. Workshop participants drew on direct experience with the equivalent role in ABA member banks, where customer advocate functions were introduced following the 2016 review. Participants observed that the ABA model has evolved unevenly, in some institutions toward systemic review, in others away from individual complaint escalation, but supported including the requirement in the Code now rather than waiting for a perfect model. A customer-owned banking-specific role, framed around member relationships and combining vulnerability, hardship and complaint escalation functions, was identified as a credible point of differentiation from the ABA approach.

Subscriber feedback through the two subscriber workshops did not propose a customer advocate model and identified resourcing as the predominant constraints. Smaller subscribers noted that compliance, risk and customer-experience functions are already integrated into front-line operations and that adding a separate role would require re-allocation of resources from elsewhere.

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Workshop participants from the consumer side recommended a direct reporting line to the board, independent of retail banking leadership, as a structural protection against the role being absorbed into operational pressures.

### 12.2.2 Drafting matters

COBA's submission proposes that paragraph 88 should be amended to reflect the ongoing nature of the credit it is intended to refer to and that subscribers should provide the referenced three months' notice if they intend to cancel a customer's continuing credit facility, rather than a "continuing credit Small Business loan".

Stakeholder feedback identified a potential conflict between paragraph 90 and section 133BP of the *National Consumer Credit Protection Act 2009* (Cth), which allows customers to request payment allocation preferences with regard to their credit card. Submitters supported the Code being amended to make clear that the legislative framework applies.

The Joint Consumer Submission identified the paragraph 151 reference to the expired *Code of Operation: Recovery of Debts* as a discrete drafting correction. The instrument expired in October 2024, and the reference is therefore legally inoperative.

## 12.3 Key issues

### 12.3.1 Customer advocates: structural anchor for larger subscribers

The case for a dedicated customer advocate role within larger subscribers is that internal accountability for customer outcomes, and for systemic issues affecting groups of customers, needs an organisational home that sits above the day-to-day operational hierarchy. Stakeholder feedback supports introducing such a role for subscribers with the scale to accommodate it, while recognising that smaller subscribers may not be able to dedicate resources to a stand-alone position.

The Reviewer considered the diverse nature of the customer-owned banking sector and finds it unrealistic as a Code provision that applies to all subscribers. To comply, limited resources would need to be redirected from other service areas. However, the Reviewer agrees that customer advocates can have a significant impact in improving customer outcomes in a systemic ways and suggests that large mutuals consider the benefits of appointing such an in-house role. For subscribers without the scale to support a dedicated advocate, the case for embedding compliance with the Code, and in particular the priority areas where consumer harm is most acute, into business-as-usual operations is strengthened, not reduced, by the absence of a dedicated advocate.

### 12.3.2 Paragraph 88 — continuing credit contracts

Paragraph 88 does not adequately reflect the ongoing nature of continuing credit facilities. The current language should be amended to better reflect that continuing credit facilities are not the same as small business loans. The three months' notice should be retained, with the additional requirement that subscribers provide written reasons for the cancelling the customer's facility.

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### 12.3.3 Paragraph 90 — credit card payment allocation

Paragraph 90 sits in potential conflict with section 133BP of the *National Consumer Credit Protection Act 2009* (Cth) on customer payment allocation preferences. The Code should make clear that the legislative framework applies and align the paragraph accordingly. Where the Code is silent or inconsistent, the legislative framework prevails; the Code should reflect that position rather than create ambiguity.

### 12.3.4 Paragraph 151 — expired Code of Operation reference

Paragraph 151's reference to the *Code of Operation: Recovery of Debts* is legally inoperative following the instrument's expiry in October 2024. This is a discrete drafting correction that requires action regardless of the broader structural decisions taken in this review. The Code should set out directly any debt-recovery commitments the sector intends to maintain rather than referencing an expired external instrument.

## 12.4 Findings

**Finding 12.1.** A dedicated customer advocate role offers value where internal accountability for customer outcomes and systemic issues benefits from a function sitting outside the day-to-day operational chain. Mandating the role across all subscribers is not workable given the diversity of the sector and would force smaller mutuals to redirect scarce resources from frontline services. Larger subscribers are encouraged to weigh the benefits of an in-house advocate function. For subscribers without the scale to support one, the obligation to embed Code compliance, particularly in areas of acute consumer harm, into core business operations carries greater weight rather than less.

**Finding 12.2.** Paragraph 88 of the 2022 Code treats the cancellation of a continuing credit facility on the same footing as a decision not to renew a small business loan. The two products differ materially in how customers use them: continuing credit facilities are open-ended arrangements that customers draw on over extended periods, often as part of routine cash-flow management. The current drafting does not recognise this distinction. The three months' notice period is appropriate and should remain, but customers whose facility is being withdrawn should also be told why.

**Finding 12.3.** Paragraph 90 sits in potential conflict with section 133BP of the *National Consumer Credit Protection Act 2009* (Cth) on customer payment allocation preferences for credit card products. The Code should make clear that the legislative framework applies and align the paragraph accordingly.

**Finding 12.4.** Paragraph 151's reference to the *Code of Operation: Recovery of Debts* is legally inoperative following the instrument's expiry in October 2024. The reference must be removed or replaced.

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## 12.5 Recommendations

**Recommendation 54.** Amend paragraph 88 of the Code to distinguish continuing credit facilities from small business loans, retaining the three months' notice period for cancellation of a continuing credit facility and adding an obligation on subscribers to provide written reasons to the customer for the cancellation.

**Recommendation 55.** Paragraph 90 must be amended to make clear that the *National Consumer Credit Protection Act 2009* (Cth) applies to the allocation of payments on a credit card account, and to align the paragraph with the legislative framework.

**Recommendation 56.** Paragraph 151 must be amended to remove the reference to the *Code of Operation: Recovery of Debts*, which expired in October 2024, and to set out directly in the Code any debt-recovery commitments the sector intends to maintain.

## 13. Acronyms and abbreviations

*This Section sets out the acronyms and abbreviations used in this report. Definitions of substantive Code terms (such as financial difficulty, hardship and vulnerability) are contained in the Code itself and are not reproduced here.*

<b>ABA</b>	Australian Banking Association
<b>AFCA</b>	Australian Financial Complaints Authority
<b>AI</b>	artificial intelligence
<b>AML</b>	anti-money laundering
<b>APRA</b>	Australian Prudential Regulation Authority
<b>AS</b>	Australian Standard
<b>ASBFEO</b>	Australian Small Business and Family Enterprise Ombudsman
<b>ASIC</b>	Australian Securities and Investments Commission
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre
<b>BCCC</b>	Banking Code Compliance Committee
<b>CFA</b>	Consumers' Federation of Australia
<b>COB</b>	Customer-Owned Bank
<b>COBA</b>	Customer Owned Banking Association
<b>COBCCC</b>	Customer Owned Banking Code Compliance Committee
<b>CTF</b>	counter-terrorism financing
<b>ECP</b>	Enforceable Code Provision
<b>EDR</b>	External Dispute Resolution

<b>GICGC</b>	General Insurance Code Governance Committee
<b>IBCCC</b>	Insurance Brokers Code Compliance Committee
<b>IDR</b>	Internal Dispute Resolution
<b>LCCC</b>	Life Code Compliance Committee
<b>MARAM</b>	Multi-Agency Risk Assessment and Management Framework
<b>MoU</b>	Memorandum of Understanding
<b>PJC</b>	Parliamentary Joint Committee on Corporations and Financial Services
<b>RG</b>	Regulatory Guide (issued by ASIC)

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## 14. Consolidated list of recommendations

*This Section sets out the 56 recommendations of this review in document order. Each recommendation is grouped under the Section in which it is developed. The full discussion supporting each recommendation is contained in the relevant Section.*

### Section 3 — Effectiveness of the Code

**Recommendation 1.** The Code should be written in accessible language addressed to customers and prospective customers, and apply to subscribers, their staff and their representatives.

**Recommendation 2.** The Code should adopt a layered structure distinguishing between commitments (values and intent), minimum standards (enforceable obligations using 'must'/'must not' language, applied uniformly across all subscribers), expectations (standards above the legal minimum, enforceable but applied with proportionality to the size and circumstances of the subscriber) and guidance (supporting proportionate implementation). All enforceable obligations must remain within the Code itself.

**Recommendation 3.** At the commitment layer, the current seven key promises should be replaced with a set of thematic commitments that reflect the distinctive purpose of customer-owned banking, signal to customers what outcomes they can expect and anchor the detailed obligations in the body of the Code.

**Recommendation 4.** At the minimum standard layer, mandatory language ('must', 'must not') supported by objective criteria must be applied in the priority areas identified in this review: financial hardship; vulnerability; domestic and family violence and financial abuse; First Nations banking; small business lending; complaints handling; deceased estates; branch closures and service continuity; and digital service delivery and the use of artificial intelligence and automated decision-making. The specific obligations recommended in each area are set out in Sections 4 to 11 of this report.

**Recommendation 5.** The Code must include a dedicated section setting out customer rights under the Code. This section must explain that the Code forms part of the contractual relationship between the customer-owned bank and its customers and is enforceable through that contractual provision (a feature of the customer-owned sector that this review recommends be retained); that as members of the institution, customers can participate in its governance under the 'one member, one vote' model; that customers can enforce Code commitments through internal dispute resolution and AFCA; and that customers can report a suspected breach to the COBCCC.

**Recommendation 6.** At the guidance layer, the Code should be supported by subordinate guidance documents developed by COBA in consultation with subscribers and stakeholders, including the COBCCC and AFCA. COBA and subscribers should agree the priorities for guidance development and a mutually agreed timeframe for delivery, recognising that guidance development is not a current COBA practice and that a transition period is required to build this capability.

**Recommendation 7.** At the minimum standard layer, the Code must include an express statement that subscribers will keep abreast of, and align their practices with, regulatory guidance issued by ASIC, AFCA, the COBCCC, AUSTRAC, the Privacy Commissioner and other relevant bodies in the periods between Code reviews, even where that guidance is not explicitly referenced in the Code.

## Section 4 — Experiences of financial hardship

**Recommendation 8.** At the minimum standard layer, the Code must include a plain-English definition of financial difficulty drafted from the customer’s perspective, covering both actual and anticipated inability to meet obligations. The definition must expressly include circumstances arising from unemployment, illness, family breakdown, domestic and family violence, economic abuse, natural disaster and other unforeseen changes in circumstances.

**Recommendation 9.** At the minimum standard layer, the Code must require subscribers to proactively identify indicators of financial difficulty, including through analysis of account behaviour where appropriate, and to contact customers where there is reason to believe they may be experiencing financial difficulty. Subscribers must refer such customers to internal support without requiring them to complete a formal application in the first instance.

**Recommendation 10.** At the minimum standard layer, the Code must set defined timeframes and process protections for the handling of hardship requests, including a defined timeframe for acknowledging receipt (as soon as possible and no later than 5 business days); a defined timeframe for a substantive response (21 business days), with subscribers to improve on these timeframes where possible; a prohibition on repeated requests for information already provided where there has been no material change in the customer’s circumstances; and accommodations for disclosed or apparent vulnerabilities consistent with Australian Standard AS 22458:2025.

**Recommendation 11.** At the minimum standard and expectation layers:

- *Minimum standard:* the Code must recognise financial difficulty as a circumstance of vulnerability attracting the subscriber’s obligation to take extra care.
- *Expectation:* where a customer experiencing financial difficulty also discloses or presents with another vulnerability, the subscriber must adjust the process expectations in its hardship process, communication and timeframes accordingly, with the depth of adjustment proportionate to the customer’s circumstances.

**Recommendation 12.** At the commitment and minimum standard layers, the Code must include dedicated provisions on hardship arising from domestic and family violence:

- *Commitment:* the Code must recognise that a victim-survivor experiencing financial hardship is owed a response that prioritises safety alongside financial assistance.
- *Minimum standards:* presumptive acceptance that a victim-survivor is experiencing hardship and has a continuing request for assistance; prohibition on repeated requests for re-submission of hardship documentation where circumstances have not materially changed; written reasons for any refusal of hardship assistance; and safe communication settings for

victim-survivors. Decisions affecting victim-survivors must prioritise the safety of the affected party.

**Recommendation 13.** At the minimum standard layer, the Code must recognise disaster hardship as a distinct category, with tailored response options including genuine payment pauses that do not accrue interest or capitalise arrears for defined periods where appropriate, a consistent approach to the handling of insurance cash settlements held by the subscriber, and suppression of adverse credit reporting for disaster-affected customers consistent with the approach taken in other vulnerability contexts.

**Recommendation 14.** At the minimum standard and expectation layers, the Code must strengthen the existing debt waiver provision at paragraph 141(d):

- *Minimum standard:* subscribers must genuinely consider a debt waiver where the customer is experiencing severe and ongoing hardship and has no reasonable prospect of repayment, and must communicate the decision in writing with reasons.
- *Expectation:* subscribers should presume that a waiver is appropriate where the debt has been charged off and the customer continues to experience severe hardship without a reasonable prospect of recovery.

**Recommendation 15.** At the guidance layer, the Code should include examples of the types of assistance subscribers may offer, covering both circumstances where the customer's financial position may be restored and circumstances where it cannot.

## Section 5 — Experiences of vulnerability and safety

**Recommendation 16.** At the minimum standard layer, the Code must replace paragraph 26's list with a contemporary definition of vulnerability. The definition must recognise vulnerability as a dynamic state that may arise from personal circumstances, life events or the interaction with banking products and services; acknowledge that bank conduct can itself amplify vulnerability; provide an illustrative non-exhaustive list of circumstances; and align with the *Banking Code*, the *AFCA Approaches*, the *National Principles* and Australian Standard AS 22458:2025. Code terminology should be updated from 'elder abuse' to 'abuse of older people'.

**Recommendation 17.** Structured according to the layered model, the Code must include a dedicated chapter on domestic and family violence and financial abuse, comprising:

- *Commitments:* adopting the National Principles' understanding of coercive control and a safety-by-design approach.
- *Minimum standards (binding on all subscribers):* a prohibition on the use of subscribers' products to perpetrate financial abuse; an obligation to respond to warning signs; minimum requirements for joint account design; obligations in respect of coerced debt and credit reporting; and minimum training and governance requirements.
- *Expectations:* progressive adoption of safety-by-design features in digital channels.

Decisions affecting victim-survivors must prioritise the safety of the affected party.

**Recommendation 18.** Structured according to the layered model, the Code must include specific provisions addressing cognitive decline and abuse of older people, aligned with the *AFCA Approach to Financial Abuse of Older People*:

- *Commitments*: supported decision-making and customer autonomy.
- *Minimum standards*: identifying warning signs; due diligence on powers of attorney; the obligation to speak privately with the customer where warning signs are present; and specific handling of unusual transactions.
- *Expectations*: safe-by-default product features.

**Recommendation 19.** Structured according to the layered model, the Code must explicitly recognise customers who are incarcerated, recently released from incarceration, or whose immediate family members are incarcerated:

- *Commitment*: maintaining banking access for incarcerated customers.
- *Minimum standards*: adoption of the AUSTRAC alternative identification framework or equivalent risk-adjusted approach within each subscriber's AML/CTF program; maintenance of the banking relationship through incarceration subject to lawful constraints; hardship arrangements that reflect the reality of incarcerated customers' circumstances; and a prohibition on automatic account closure triggered solely by incarceration.

**Recommendation 20.** The Code should expressly permit subscribers to decline to apply a vulnerability or hardship provision where there is a reasonable basis to suspect misuse by a person other than the customer, with appropriate safeguards. (Outside the layered model — defined exception.)

## Section 6 — First Nations perspectives on banking

**Recommendation 21.** Structured according to the layered model, the Code must include a standalone section on banking services for First Nations customers, developed through co-design with First Nations people. COBA and subscribers must engage First Nations representatives as co-authors of this section, with shared authority over its content. The section must comprise:

- *Commitments* to First Nations customers, expressing the sector's recognition of the structural barriers First Nations customers face and its commitment to culturally safe banking.
- *Minimum standards* applying to all subscribers.
- *Expectations* that apply to subscribers with a significant First Nations customer base.
- *Supporting guidance* for implementation, developed in consultation with First Nations stakeholders.

**Recommendation 22.** At the minimum standard layer, the Code must require subscribers to accept alternative forms of customer identification and verification consistent with AUSTRAC's guidance,

applied on a risk-adjusted basis in accordance with each subscriber's AML/CTF program. Subscribers must document their alternative identification procedures within their AML/CTF programs and ensure staff are trained to apply them. The provision must apply across all circumstances in which customers face structural, situational or temporary barriers to standard identification.

**Recommendation 23.** At the minimum standard layer, the Code must require subscribers to provide cultural awareness and cultural safety training to all staff who regularly engage with First Nations customers. Training must be co-developed with First Nations expertise, trauma-informed and subject to regular review.

**Recommendation 24.** At the minimum standard layer, the Code must require subscribers to provide access to interpreters, including interpreters qualified in relevant First Nations languages, at no cost to the customer, where the customer is making or receiving a banking communication of material importance. The current qualifier 'where reasonably practicable' must be removed. Subscribers must have protocols in place to manage confidentiality risks where professional interpreters are drawn from the customer's family, kinship or community networks.

**Recommendation 25.** At the minimum standard layer, the Code must require subscribers to establish accessible pathways for financial counsellors and community workers supporting First Nations customers. This must include timely verification and acceptance of letters of authority, priority access for recognised community workers during outreach periods and reduced documentation requirements where appropriate and lawful.

**Recommendation 26.** At the minimum standard and expectation layers:

- *Minimum standard:* where a subscriber offers a low-fee or no-fee transaction account, the Code must require the subscriber to identify eligible low-income customers — including First Nations customers in receipt of government concession payments — using available transaction data and provide support to help them transfer to those accounts.
- *Expectation:* where a subscriber does not offer such an account, the Code must require it to assess the design and distribution of its transaction products against the demographics of its customer base, in a manner consistent with the subscriber's *Design and Distribution Obligations* under the *Corporations Act 2001* (Cth).

**Recommendation 27.** At the commitment and minimum standard layers:

- *Commitment:* subscribers will enable voluntary self-identification by First Nations customers, consistent with the principle of free, prior and informed consent.
- *Minimum standards:* subscribers must explain the purpose for which identification information will be used and protect such information in accordance with privacy law; subscribers must not make self-identification a precondition for accessing any banking service.

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## Section 7 — Small business banking experiences

**Recommendation 28.** At the minimum standard layer, the Code must strengthen its provisions on farming customers, including alignment with clauses 128 and 129 of the Banking Code on the charging of default interest in declared drought and natural disaster events, and Code-level commitments on farm debt mediation engagement.

**Recommendation 29.** At the minimum standard layer, the Code must adopt a small business definition aligned with the Banking Code: annual turnover of less than \$10 million, fewer than 100 full-time equivalent employees and total debt to all credit providers of less than \$5 million.

**Recommendation 30.** At the minimum standard layer, the Code must include a duty of care in small business lending. Subscribers must exercise the care and skill of a diligent and prudent banker when considering a small business loan application or an increase to an existing facility.

**Recommendation 31.** At the minimum standard layer, the Code must clarify the small business lending and enforcement provisions to address the technical issues identified by the COBCCC and the MFAA, including the basis for assessment of repayment ability, the requirement for default notices to specify grounds, the circumstances in which loans may be enforced, the purpose of valuations, the exceptional nature of shortened or no notice periods, the definition of 'material impact' and the treatment of non-monetary defaults.

**Recommendation 32.** At the minimum standard layer, the Code must amend its co-borrower and guarantor provisions to address business-related financial abuse risk. Specifically: paragraph 99 must be removed so that co-borrower protections in paragraphs 95–98 apply to small business loans; paragraph 121 must be amended to remove the broad director carve-out, with subscribers required to assess the genuine consent and benefit of a director-guarantor; and paragraph 120(a) must be amended so that the asset-exhaustion protection in paragraph 119 continues to apply to individual guarantors of small business borrowers.

**Recommendation 33.** At the minimum standard layer, the Code must recognise business-related financial abuse as a category of vulnerability in its own right, with an enforceable response consistent with the vulnerability provisions in Section 5 of this report.

## Section 8 — Digital banking, technology and service continuity

**Recommendation 34.** Structured according to the layered model, the Code must include provisions on artificial intelligence (AI) and automated decision-making:

- *Commitment:* subscribers will be clear and accountable in their use of AI and automated decision-making, ensuring customers are not disadvantaged by the technology.
- *Minimum standards (binding on all subscribers):* material decisions affecting a customer must be made or reviewed by a human; subscribers must tell customers when AI has been used in a decision that materially affects them; and subscribers must provide a clear pathway to human review.
- *Expectations:* enhanced protections must apply for customers experiencing vulnerability.

**Recommendation 35.** At the commitment and minimum standard layers:

- *Commitment:* subscribers will support continued banking access for the communities they serve, including in regional and remote Australia.
- *Minimum standards:* the Code must include a public branch closure protocol, monitored by the COBCCC, including advance notice, customer impact assessment, consultation with affected communities and identified alternative service arrangements. The substance and form of the protocol should draw on the ABA Branch Closure Support Protocol, adapted for the customer-owned banking sector.

**Recommendation 36.** At the minimum standard layer, the Code must require subscribers to risk-assess their Bank@Post arrangements in small communities and in communities where privacy, confidentiality or cultural safety considerations are material — including communities with a significant First Nations customer base — and to provide alternative confidential channels where Bank@Post is not suitable. This recommendation does not apply to subscribers operating exclusively as digital-only banks.

**Recommendation 37.** At the minimum standard layer, the Code must include service continuity standards covering both transitions and outages:

- *Minimum standards for system transitions and mergers:* advance notice; clear instructions on changes to authentication and access pathways; alternative access channels; protection of customer information (including vulnerability flags) during data migrations; and accessible post-migration support.
- *Minimum standards for outages:* communication to affected customers; alternative access arrangements for essential banking functions; and escalation pathways for customers in vulnerable situations.

**Recommendation 38.** At the commitment and minimum standard layers:

- *Commitment:* subscribers will support customers affected by scams and de-banking decisions with clarity, written reasons and a fair pathway to review.
- *Minimum standards:* the Code's de-banking provisions must include specific commitments on communication, written reasons and review where a de-banking decision follows suspected scam activity. The Code must also address the customer-experience aspects of scams that fall outside the Scams Prevention Framework, including trauma-informed response, third-party representation and continued access to hardship and vulnerability provisions.

## Section 9 — Flexibility, proportionality and consistency

**Recommendation 39.** At the commitment layer, the Code should reflect the distinctive character of customer-owned banking through its proposed Commitment 1 ('We exist for our customers and communities'), with detailed obligations across the priority areas in subsequent sections of the Code giving it practical effect.

**Recommendation 40.** Across all four layers, proportionality should be applied to the method of compliance, not to the substantive standards customers can expect. The layered model of obligations enables this: minimum standards apply uniformly across all subscribers; expectations describe higher standards above the legal minimum and are applied with proportionality to the size and circumstances of the subscriber; and guidance supports consistent implementation across institutions of different sizes.

**Recommendation 41.** At the guidance layer, COBA should develop the supporting guidance materials envisaged by the layered model in consultation with subscribers of different sizes and with relevant external stakeholders, including the COBCCC, AFCA and consumer representatives. Subscribers and COBA should agree the priorities for guidance development and the timeframe for delivery, and guidance should be reviewed periodically and updated to reflect regulatory developments between formal Code reviews.

## Section 10 — Governance, monitoring and assurance

**Recommendation 42.** COBA must ensure the COBCCC is resourced to deliver the full range of functions set out in its Charter and Priority Monitoring Framework, including the capacity to conduct own-motion investigations, thematic reviews, proactive monitoring and the testing (rather than solely receiving) of subscriber compliance reports.

**Recommendation 43.** The Charter must be updated to amend clause 24 to provide for greater timeframe and process certainty on the budgeting cycle. COBA should give serious consideration to the feasibility of a multiple-year budget cycle, to provide a more secure basis for resourcing adequacy and forward planning through the COBCCC.

**Recommendation 44.** On Committee composition, the COBCCC Charter must be amended at clause 3(a) so that the Industry Member is not a current employee of a subscriber. The Industry Member must hold relevant experience of the customer-owned banking sector — for example, as a former employee of a customer-owned bank or in a comparable role with sector-specific expertise — but must not, at the time of appointment or during the term of office, be an employee of a subscriber. The maximum tenure provision is amended to permit up to three consecutive terms (nine years total), aligning the COBCCC with the BCCC; Committee member terms are staggered so that no more than one position rotates each year; and selection processes prioritise technical expertise, integrity and independence.

**Recommendation 45.** The AFCA Code secretariat arrangement should continue. The COBCCC Charter must be amended to anchor the Committee's work to the values the customer-owned banking sector commits to in the Code, while preserving the Committee's independence from COBA, subscribers and the secretariat.

**Recommendation 46.** The breach reporting framework must be stabilised, with reporting templates held constant across multi-year periods and material changes subject to prior consultation with COBA and subscribers. Reporting must be aligned with ASIC's reportable situations regime where appropriate, and materiality thresholds adopted for minor matters that do not warrant individual

reporting. The COBCCC must publish guidance on what constitutes a breach and how subscribers should quantify scale and severity, and retains final authority on reporting settings.

**Recommendation 47.** The Committee’s role in reporting and monitoring complaints data drawn from subscribers’ internal dispute resolution systems should continue.

**Recommendation 48.** COBA should not seek ASIC approval of the Code at the conclusion of this review. ASIC approval should be placed on the formal agenda of the next independent Code review, to be assessed against defined readiness criteria.

**Recommendation 49.** Charter clause 41 (variation of the Charter) should be amended to define ‘material’ alteration and to require structured stakeholder consultation, including consultation with the COBCCC, subscribers and AFCA before any material amendment is agreed.

## Section 11 — Deceased estates

**Recommendation 50.** Structured according to the layered model, the Code must include a dedicated section on deceased estates:

- *Commitment:* subscribers will deal sensitively with customers’ families when a customer dies, treating estate representatives promptly, respectfully and sensitively.
- *Minimum standards* (set out in Recommendations 51 and 52).
- *Expectations* (set out in Recommendation 53).

**Recommendation 51.** At the minimum standard layer, on notification of a customer’s death, a subscriber must acknowledge receipt of the notification promptly; cease charging ongoing fees and interest to the relevant accounts that are not legally or contractually required to continue; cease sending correspondence addressed to the deceased once the relevant accounts are confirmed and the bank’s records updated; provide estate representatives with clear written information about the bank’s processes for administering a deceased estate, including the documentation required and the likely timeframes; identify a point of contact for the estate representative for the duration of the administration process; and deal with estate representatives promptly, respectfully and sensitively.

**Recommendation 52.** At the minimum standard layer, a subscriber must take reasonable steps to ensure that its deceased estate processes are publicly accessible, including through its website, and that staff who interact with estate representatives are appropriately trained to do so with sensitivity and efficiency.

**Recommendation 53.** At the expectation layer, a subscriber should take reasonable steps to reduce duplication and administrative burden for estate representatives, including by accepting verified documentation provided by authorised professional representatives where this is practicable and consistent with the bank’s AML/CTF obligations; supporting electronic notification and communication channels for estate administration where this meets the bank’s security requirements; and applying documentation requirements that are proportionate to the complexity and value of the estate.

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## Section 12 — Additional issues raised through the review

**Recommendation 54.** Amend paragraph 88 of the Code to distinguish continuing credit facilities from small business loans, retaining the three months' notice period for cancellation of a continuing credit facility and adding an obligation on subscribers to provide written reasons to the customer for the cancellation.

**Recommendation 55.** Paragraph 90 must be amended to make clear that the National Consumer Credit Protection Act 2009 (Cth) applies to the allocation of payments on a credit card account, and to align the paragraph with the legislative framework.

**Recommendation 56.** Paragraph 151 must be amended to remove the reference to the Code of Operation: Recovery of Debts, which expired in October 2024, and to set out directly in the Code any debt-recovery commitments the sector intends to maintain.

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## 15. Consolidated list of feedback sought

*This Section sets out, in one place, the specific matters on which the Reviewer seeks stakeholder feedback during the consultation period. Each item is grouped under the Section in which it is developed in the body of the report. Stakeholders are not limited to these matters and may comment on any aspect of the report or the recommendations.*

### Section 3 — Effectiveness of the Code

1. Whether the draft commitments at paragraph 3.3.4 collectively express the values of customer-owned banking in a customer-focused way.
2. Whether the ten themes are the right themes for a code aimed at this sector.
3. Whether the structure as drafted is supported.
4. Whether anything is missing.
5. Whether anything in the proposed list does not belong.

### Section 4 — Experiences of financial hardship

1. The implications of recognising disaster hardship as a distinct category (Recommendation 13), including the operational and accounting implications of genuine payment pauses.
2. The implications of strengthening the debt waiver commitment at paragraph 141(d) (Recommendation 14), including subscribers' experience with the existing provision, the appropriateness of the proposed presumption, and the accounting, capital, prudential and remediation considerations.
3. The form and operation of examples of assistance in the Code (Recommendation 15).

### Section 6 — First Nations perspectives on banking

1. The feasibility of providing access to interpreters in relevant First Nations languages (Recommendation 24).
2. The proposal to provide proactive support to customers transferring to low or no-fee accounts, and the design and distribution review of transaction products for subscribers that do not offer such accounts (Recommendation 26).

### Section 7 — Small business banking experiences

1. The implications of extending hardship-style protections to small business customers, including the operational implications of applying the duty of care in small business lending (Recommendation 30).
2. The implications of removing or amending the co-borrower and guarantor exemptions in paragraphs 99, 120(a) and 121 (Recommendation 32).

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3. The inclusion of non-monetary default provisions aligned with clause 87 of the Banking Code (Recommendation 31).
  4. The proposed strengthening of farming customer protections, including alignment with clauses 128 and 129 of the Banking Code on default interest during declared drought and natural disaster events (Recommendation 28).

## **Section 8 — Digital banking, technology and service continuity**

1. The operational implications of the proposed AI and automated decision-making provisions (Recommendation 34).
2. The form of the branch closure protocol (Recommendation 35).
3. The Bank@Post risk assessment (Recommendation 36).
4. The merged service continuity standard (Recommendation 37).

Submissions should be directed to [code@coba.asn.au](mailto:code@coba.asn.au) by 5pm on 8 June 2026.

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## 16. References

*This list provides full references for the published documents, regulatory instruments, codes, legislation and other sources cited in this report. The Reviewer also drew on submissions to this review, targeted stakeholder consultations and confidential material; those sources are described in Section 2 and are not individually listed here.*

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