



FCRC

Financial & Consumer Rights Council Inc.

Financial and Consumer Rights Council **AUGUST 2012**

Rank the Bank

We rank the financial hardship policies of the 'big four' banks



Disclaimer

This report is based on a survey of Victorian financial counsellors. It does not represent the attitudes or opinions of other third parties, including FCRC's funding bodies.

ABOUT THE FINANCIAL AND CONSUMER RIGHTS COUNCIL

The Financial and Consumer Rights Council Inc (FCRC) is the peak body for 230 financial counsellors in Victoria.

Financial counsellors assist people in financial difficulty by providing information, support and advocacy to enable them to gain control of their financial situation. Loss of employment, marriage breakdown, natural disasters and the easy availability of credit are some of the reasons why people seek assistance. A financial counsellor's focus is always on the needs of their clients and services are free, confidential and impartial. Most workers are located in not-for-profit welfare organisations and are primarily funded by state or federal governments.

The FCRC supports financial counsellors by providing training and professional development and sets the standards for the profession in Victoria. FCRC also provides a voice for Victorians in financial hardship and works across a range of industries, including banking, utilities and telcos.

ACKNOWLEDGEMENTS

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FOREWORD

Victorians pride themselves on showing compassion to communities and neighbours when they fall on unexpected hard times due to natural disaster, redundancy or serious illness.

Similarly, many banks, utility and essential service companies that operate in Victoria play an important role in providing relief to customers who find themselves in financial hardship. In fact, so crucial is the way in which a company responds to their customers in financial hardship that it can often make or break a family's path to financial recovery.

There has long been a need for the Financial and Consumer Rights Council Inc (FCRC), to formally document members' experiences and opinions about the financial hardship policies and procedures exercised in various sectors to obtain a more accurate picture of Victorian industry responses to customers in financial hardship. In dealing directly with industry on behalf of those in our community who are struggling financially, community-based financial counsellors witness first-hand the efficacy or otherwise of hardship practices across different sectors.

As the primary providers of retail banking services to the Victorian population, the 'big four' banks - being the Australia and New Zealand Banking Group (ANZ), Commonwealth Bank (CBA), National Australia Bank (NAB) and Westpac - were the obvious choice for the first FCRC hardship survey. Through the Code of Banking Practice, consumer credit legislation and their social obligations, banks have contractual, legal and moral obligations to work with their customers to overcome financial difficulties. This survey rates how well they do this.

Importantly, what this survey demonstrates is that there are clear differences between the 'big four' when it comes to assisting customers in financial hardship.

The aim of this survey, and future FCRC hardship surveys, is to highlight areas where industry is performing well, in addition to identifying opportunities for the FCRC to work with industry and regulators to improve responses to customers experiencing financial hardship.



PETER GARTLAN

Executive Officer, Financial and Consumer Rights Council (FCRC)

SUMMARY

The FCRC **Rank the Bank** survey assessed the opinions of more than 100 Victorian financial counsellors with regards to the financial hardship policies of Australia's 'big four' banks, namely ANZ, CBA, NAB and Westpac.

The survey questions asked financial counsellors to rank: 1) the quality of communication of the 'big four' with customers and financial counsellors in relation to financial hardship matters; 2) satisfaction with outcomes for customers; and 3) bank processes and attitudes.

Responses clearly ranked **NAB as the current industry leader** in handling customers' financial hardship issues. Financial counsellors consistently rated NAB's financial hardship processes and client outcomes higher than any other 'big four' bank.

The overall weighted rankings - on a scale of one to ten (where ten was the highest ranking) - for management of financial hardship issues achieved by the 'big four' banks were as follows: NAB 6.39; ANZ 5.06; Westpac 4.75; and CBA 4.27.

CBA was rated the lowest of the 'big four' banks on all measures, including hardship processes, customer outcomes and attitudes and quality of communication.

The variation in overall weighted ratings between the 'big four' banks means that customers in financial difficulty are being treated differently, depending on the bank they are dealing with. It is a concern that hardship processes and outcomes can vary so much and in such an arbitrary way.

Even though some banks performed better than others, the survey also shows there is room for all of the institutions to make significant improvements to their hardship processes. Areas highlighted by the survey include:

- a lack of understanding of hardship beyond the short term and as a result, customers whose period of hardship is longer than three months may not be given adequate arrangements
 - inconsistent application of policies within bank hardship teams
 - an inability to deal with customers who simply cannot pay, such as long-term Centrelink recipients whose situations are unlikely to change
 - inconsistent communication from some bank staff to financial counsellors
 - hardship being treated as subordinate to collections
 - people who self-advocate being less likely to achieve the same outcomes as those who engage a financial counsellor
 - lack of publicly available data that tracks customer outcomes of financial hardship programs.
-

1. RANK THE BANK SURVEY

‘Financial hardship’ or ‘financial difficulty’ occurs when a customer wants to pay their debts as they fall due, but is unable due to unemployment, illness, natural disaster or other causes of reduced income. This may be a payment on a home loan, credit card or some other type of debt.

1.1 SURVEY OVERVIEW

As the peak body for financial counsellors in Victoria, the FCRC regularly receives feedback from its members about the current financial hardship policies and procedures applied in various sectors.

Whilst such ad hoc feedback has assisted the policy and advocacy work of the FCRC, there was a clear need to develop a ‘formal’ process for collecting members’ opinions to obtain a more accurate picture of financial hardship in Victoria.

Accordingly, the FCRC has committed to surveying Victorian financial counsellors’ opinions of the financial hardship policies of a number of sectors, starting with the ‘big four’ banks: ANZ, CBA, NAB and Westpac. Future surveys will cover energy retailers, telecommunication providers, and second tier financial institutions. What will emerge is a snapshot of

current hardship policies to highlight the measures and initiatives that work, and those policies that require further attention and improvement.

The Rank the Bank survey was completed in August and September 2011, by participants via the Zoomerang online survey platform or in hard copy. At the time of the survey, all 220 FCRC members were invited to complete the questionnaire. The survey was completed by 101 FCRC members, a response rate of 46%. A copy of the survey instrument can be found in Appendix A. A selection of the qualitative responses from survey participants is contained in Appendix B.

Many questions were based on a scale where respondents rated the banks as ‘very poor’ through to ‘very good’. Where questions measured financial counsellor perception of how the ‘big four’ banks understood the customer experience of financial hardship, the options were ‘no understanding’ through to ‘full understanding’. In both cases, answers were assigned values from one to five. Accordingly, the weighted averages provided throughout this report can be read as implying that: a mark of less than three is an overall poor rating; a score of three is acceptable; and higher than three is indicative of an overall good rating.

1.2 WHY RANK THE ‘BIG FOUR’?

As the primary providers of retail banking services to the Victorian population, the ‘big four’ banks were the obvious choice for the FCRC’s first hardship survey.

Banking in Australia is notable for the market dominance of the ‘big four’ and accordingly they represent a large number of banking customers in financial hardship.

When a bank customer wants to pay their debts as they fall due, but is unable to do so, the term that is used to describe their situation is ‘financial hardship’ or ‘financial difficulty’. Most

customers and their families will have a home loan, credit card or some type of debt.

Recent natural disasters, such as the Victorian bushfires and floods, have meant that many families and individuals were unable to pay their bills as they fell due.

Uncertain economic times and increased financial services regulation, combined with community expectations, demand that major institutions such as the ‘big four’ have in place appropriate policies to support customers that experience financial hardship.

As outlined in the Code of Banking Practice, consumer credit legislation and through their social obligations, banks have contractual, legal and moral obligations to work with their customers to overcome their financial difficulties.

This survey rates how well the ‘big four’ banks are meeting these responsibilities.

Financial counsellors provide free independent financial counselling and advice to assist people facing a wide range of financial issues. They work to help people get out of the cycle of debt and take control of their finances.

2. QUANTITATIVE RESULTS AND ANALYSIS

2.1 OVERALL RANKINGS

Participants were asked to give each of the 'big four' bank's hardship policies a mark out of ten, with one being the 'worst' and ten being the 'best'. Participants were asked to consider all of their survey answers pertaining to bank communication, customer outcomes, attitudes and processes in determining an overall mark.

NAB was the clear leader in the overall rankings, with a weighted average of 6.39. ANZ emerged as next best and was the only bank other than NAB to obtain a 'pass' mark, with a weighted average score of 5.06. Westpac received a weighted average mark of 4.75 and CBA brought up the rear with 4.27.

These results confirm anecdotal evidence received by the FCRC that policy changes at NAB had led to a marked improvement in their hardship procedures and practices. Similarly, informal reports to the FCRC suggested that CBA had fallen behind its peers after once being considered an industry leader in supporting customers that experience financial hardship.

Weighted average is an average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average. Weightings are the equivalent of having that many like items with the same value involved in the average.

Overall rankings of 'big four' banks' financial hardship policies



2.2 INDUSTRY COMPARISON

As a sector, the 'big four' fared reasonably well compared with the telecommunications industry, however were outperformed by second tier banks, debt collection agencies and utility companies.

Forty-five per cent of respondents felt the 'big four' banks handled customer hardship better than the telecommunications industry, with 26% rating the banks as 'worse' or 'much worse'.

By way of contrast, the 'big four' were considered by 53% of respondents to be 'worse' or 'much worse' than utility companies when it comes to assisting customers facing financial hardship; only 23% of respondents thought the 'big four' were better. It is worth noting that financial counsellors often anecdotally praise the utilities sector as generally having a good understanding of financial hardship and developing appropriate policies. This remains to be established formally and will be the subject of a future FCRC hardship survey.

2.3 COMMUNICATION

Effective communication channels are vitally important to developing positive relationships between financial counsellors, customers and bank staff assigned to managing those in financial hardship. Access and clear communication is also imperative to all parties achieving a satisfactory outcome. It is a regular source of frustration for FCRC members that their advocacy work is hampered by difficulty in communicating with the right bank staff.

Rank the Bank captured financial counsellor opinions about three areas of communication: first contact; subsequent communication; and letters of authority. These aspects were chosen to reflect the primary interactions of a financial counsellor with a bank, rather than reflecting bank and customer interactions.

2.3.1 First contact

Respondents were asked to consider the ease of connecting to each bank's hardship team in the first instance. The results showed 48% of survey participants felt NAB was 'good' to 'very good' in terms of gaining initial access to its hardship team; with a weighted average response of 3.48 (a score of three represents a ranking of 'acceptable').

ANZ had a rating of 23% for 'good' to 'very good' in regard to first contact, and a weighted average of 2.92. More respondents (25%) felt that Westpac was 'good' to 'very good', but the bank had a lower weighted rating of 2.82. CBA was rated 'good' to 'very good' by 19% of respondents and 'poor' to 'very poor' by 51%; the weighted average was 2.53.

With a weighted average of three considered 'acceptable,' only NAB received a 'pass' mark.

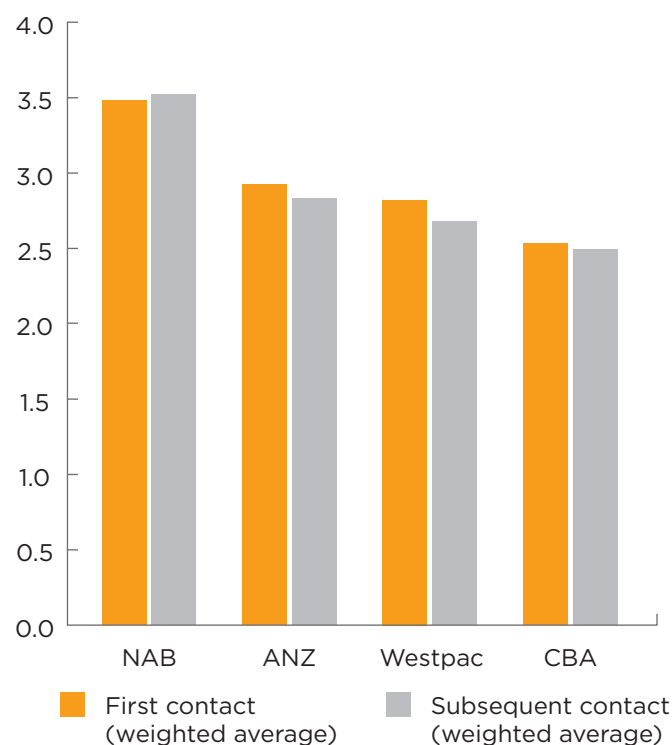
2.3.2 Subsequent contact

Respondents were asked to rate the quality of each 'big four' bank's subsequent, ongoing contact. Suggested factors to consider included: reliability of communication; single or multiple points of contact; and acceptance of the financial counsellor as representative of the customer.

NAB received the top rating, with 49% of respondents scoring its subsequent communication as 'good' to 'very good' - a weighted average of 3.52. Twenty per cent of respondents rated ANZ as 'good' to 'very good', with a weighted average of 2.83. Westpac received a 17% rating of 'good' to 'very good', with a weighted average of 2.68. In contrast, 19% of respondents rated CBA as 'good' to 'very good', although the weighted average of 2.49 was below that of Westpac due to a large 'poor' to 'very poor' vote (51%).

Only NAB received a 'pass' mark.

Rankings of quality of first and subsequent contact with 'big four' banks



2.3.3 Letters of authority

In order to act as a representative of a bank customer experiencing financial hardship, financial counsellors are required to provide the bank with a letter of authority permitting them to act on the customer's behalf.

Less divergence in survey participants' rankings was apparent in the area of letters of authority. NAB was once again nominated as the industry leader, with 52% of respondents rating its acceptance of letters of authority as 'good' to 'very good'. The three other major banks were clustered around a 41% rating as 'good' to 'very good'.

This confirms anecdotal evidence that the 'big four' banks' acceptance of financial counsellors' letters of authority continues to be a source of frustration for financial counsellors. The FCRC proposes that there should be one standard letter of authority template for all financial counselling agencies that meets Privacy Act requirements. The industry and Financial Counselling Australia are currently working on this.

2.4 HARDSHIP AND CUSTOMER OUTCOMES

Ultimately, the relationship between financial counsellors and the banks is driven by customer outcomes. The best communication policies in the world will be meaningless if not paired with the ability to reach reasonable outcomes. Rank the Bank captured opinions in three areas of hardship and customer outcomes: fair, reasonable and appropriate outcomes; understanding of long-term hardship; and outcomes for self-advocating customers.

2.4.1 Fair, reasonable and appropriate outcomes

Clearly not every customer or financial counsellor can always be happy with the outcome in a particular case. Nonetheless, it is not unrealistic to expect that, in general, outcomes are fair, reasonable and appropriate in the circumstances. Respondents were asked to consider the major four banks' capacity to deliver such outcomes.

Forty-five per cent of respondents considered the likelihood of NAB delivering such outcomes as 'good' to 'very good', with a weighted average of 3.37. ANZ recorded a 23% rating of 'good' to 'very good', with a weighted average of 2.82. Only 13% of respondents considered the probability of Westpac delivering fair outcomes as 'good' to 'very good', with a weighted average of 2.62. Again, CBA received a higher (21%) 'good' to 'very good' rating, but a lower weighted average of 2.51.

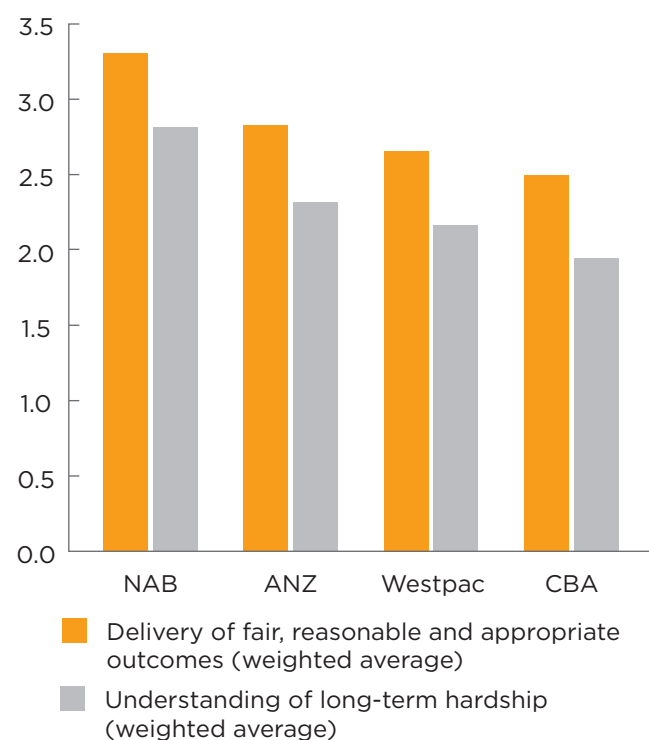
2.4.2 Long-term hardship

Financial counsellors regularly note the seeming inability of industry to grasp that customers' financial hardship can not always be overcome in a concise three-month period; for many customers, hardship is a long-term prospect. To best meet the needs of such customers, industry must accept and understand that hardship comes in many different forms and durations, and that policies must be flexible enough to cater for all circumstances.

Respondents were asked to rate the ability of the 'big four' to understand the realities of long-term hardship, using a scale from 'no understanding' to 'full understanding'. NAB was rated most likely to understand long-term hardship, with 30% of survey respondents assigning them a rating of 'reasonably full' to 'full understanding'. Despite this, the weighted average indicates that across the board NAB has a 'less than reasonable' understanding, with a weighted average of 2.81. ANZ had the next highest rating, with a weighted average of 2.22. Westpac was rated 2.17 and CBA 1.94.

These results are alarming. No bank was rated at a 'pass' level (i.e. a score of three or over), with all banks registering their lowest averages across the survey topics. Without an understanding of long-term hardship, the FCRC questions the ability of the 'big four' to structure appropriate policies and achieve optimal outcomes for vulnerable customers.

'Big four' banks' understanding of customers' long-term hardship and delivery of fair outcomes



2.4.3 Self-advocacy

In some cases it appears that customers who are capable of self-advocacy are nonetheless directed by bank staff to seek financial counsellor assistance. Customers occasionally express frustration with the need to engage a financial counsellor to achieve an outcome they feel capable of reaching through direct consultation with their bank without third-party representation. This can also waste scarce financial counselling resources that could be directed to more vulnerable clients.

To this end, respondents were asked whether the 'big four' make the same hardship relief options available for self-advocating customers as they do for financial counsellors while negotiating a revised repayment and debt management agreement. An average of 74% of respondents thought that the 'big four' did not do this. This is very concerning - people who self-advocate should not be disadvantaged and shown inferior service than those whom have an advocate to assist them.

NAB rated highest, whilst still not achieving a satisfactory score, with only 22% believing that self-advocating customers were presented with the same outcomes.

Further attention needs to be given to allowing capable customers to self-advocate, safe in the knowledge that they are not risking a worse outcome.

2.5 PROCESSES AND ATTITUDES

A key characteristic of a successful financial hardship program is a strong relationship between customers, financial counsellors and an organisation's hardship team. Respondents were asked to rate the attitude of the 'big four' towards: customers (e.g. how well they displayed empathy, understanding of mental health, a helpful or hostile demeanour); financial counsellors (particularly whether respondents felt they were viewed as an aid or an obstacle); and 'judgment-proof customers' (i.e. those with no assets and a Centrelink income protected by law).

2.5.1 Attitude to customers

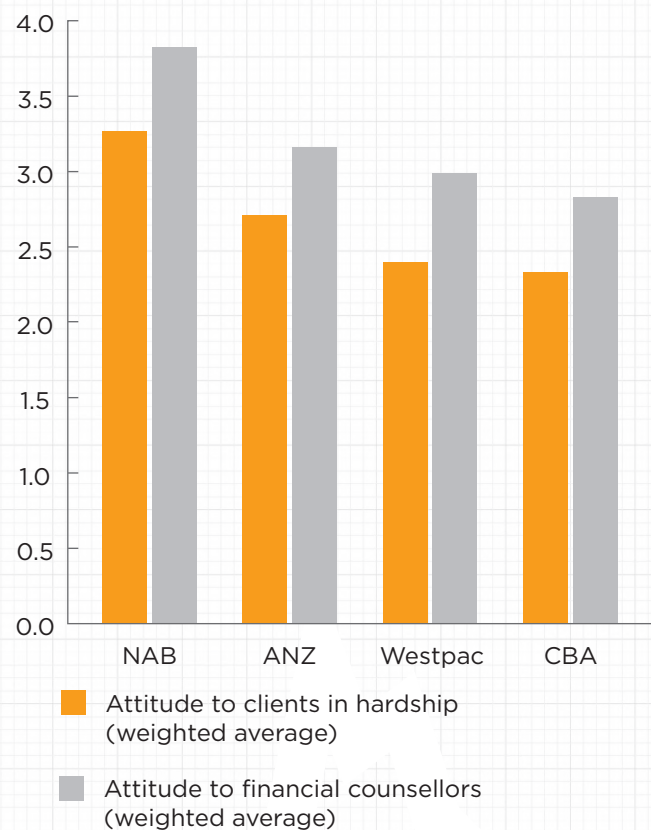
Overall, survey responses indicated that the 'big four' do not have particularly good attitudes towards customers experiencing financial hardship. Respondents considered NAB to have the 'best' attitude, with 35% rating NAB as 'good' to 'very good', with a weighted average of 3.22. ANZ received a 14% 'good' to 'very good' ranking and a weighted average of 2.63. Westpac was considered 'poor' to 'very poor' by 54% of respondents, with a weighted average of 2.45. CBA was considered 'poor' to 'very poor' by 60% of respondents, with a weighted average of 2.37.

2.5.2 Attitude to financial counsellors

Given the occasionally adversarial nature of the relationship between financial counsellors and industry, it was heartening to see the banks rate well on the survey question regarding their attitude towards financial counsellors. Respondents were asked to rate the attitude of the 'big four' towards financial counsellors, in particular whether the counsellor is seen as an aid or obstruction to issue resolution.

Fifty-eight per cent of survey respondents appraised NAB's attitude towards financial counsellors as 'good' to 'very good', with a weighted average of 3.69. Thirty-four per cent of respondents saw ANZ as 'good' to 'very good' with a weighted average of 3.15. Westpac received a 'good' to 'very good' rating of 33%, with a weighted average of 3.03. CBA was graded 'good' to 'very good' by 26%, with a weighted average of 2.80.

Rankings of 'big four' banks' processes and attitudes regarding customers facing hardship



2.5.3 'Judgment-proof' customers

The term 'judgment-proof debtors' describes people who have no assets and are on low incomes, generally relying on social security payments alone. They are 'judgment-proof' in the sense that there is little point in a creditor pursuing legal action against them, as there is no real likelihood that the debtor can pay – they need all their income just to pay for food, rent and utilities. In Victoria, people in this category have legislative protection from being sued¹ while social security legislation describes this income as being 'inalienable'². Despite growing recognition of debtors' rights in this regard, in part due to the successful Bulk Debt Negotiation Project³, acceptance of the notion of 'judgment-proof' customers is yet to filter through all aspects of industry. Accordingly, respondents were asked to comment on the major banks' understanding and acceptance of 'judgment-proof' customers.

The majority of respondents felt that the 'big four' (on the whole) do not recognise nor understand 'judgment-proof customers', with 61.25% stating that the banks have 'no understanding'. When survey participants were asked to evaluate the four major banks individually in relation to acceptance of 'judgment-proof' customers, 43% thought that NAB had 'reasonable understanding'. The figures for the other three banks were: 33% for ANZ; 29% for Westpac; and 28% for CBA.

These results indicate that financial counsellors and peak bodies need to place greater focus on explaining the reality of 'judgment-proof' customers, and that the 'big four' need to be open to the message.

¹ Section 12 of the Judgment Debt Recovery Act 1984 (Vic).

² Section 60 of the Social Security (Administration) Act 1999 (Cwth).

³ Victoria Legal Aid, Legal Aid NSW and West Heidelberg Community Legal Service, National Bulk Debt Project, <<http://www.bulkdebt.org>>.

3. QUALITATIVE RESPONSES AND ANALYSIS

3.1 OVERALL RANKINGS

Following the overall ranking of each bank out of 10, respondents were asked which bank was 'best' and 'worst' and to provide rationale for their assessment. An opportunity was also given to suggest improvements to hardship processes and policies. A selection of qualitative comments is included in Appendix B. Some selected quotes are also included in the report's main text to highlight common themes that emerged in the comments provided by respondents.

3.1.1 The highest ranked bank



NAB is consistent, recognisable, empathetic and professional. No other bank has familiar and consistent people.



Confirming the general trend of the quantitative survey results, most respondents nominated NAB as the 'best' of the 'big four'. Many survey participants noted that NAB appeared to have developed its policies over the past few years, leading to significant improvement. A number of comments conveyed the sentiment that NAB's hardship team 'sees the customer not the debt.'

3.1.2 The lowest ranked bank



CBA does not seem to understand the basics of hardship.



"CBA are consistently poor and lack empathy, they don't keep me updated e.g. they sell a debt to Credit Corp whilst I am still waiting for the outcome of a waiver application."

"Westpac ... they are simply not interested."

CBA was consistently named the 'worst' bank of the four major institutions being analysed.

ANZ and Westpac did not escape entirely.

Many comments focused on inflexible and inappropriate policies that do not reflect the realities of financial hardship. Other common points amongst all the banks related to: short-term thinking in relation to hardship periods; high staff turnover/movement within hardship teams diminishing understanding and mutual relations; unduly slow processes; and the need for large amounts of paperwork.

3.1.3 Areas for improvement

As the Rank the Bank survey was designed primarily to provide the FCRC with statistical information and constructive feedback to assist the 'big four' to develop their hardship policies, it was crucial that respondents had an opportunity to offer their views as to necessary improvements. A summary of the key areas identified by survey respondents as requiring immediate and sustained attention follows.

Develop the relationship

As one respondent succinctly expressed it, "know that we are not the enemy." Financial counsellors can assist banks and customers to reach positive outcomes; this is more likely when both sides accept that there is likelihood of achieving mutually beneficial outcomes and treating each other accordingly. Many respondents mentioned frustration with constant requests from the bank that financial counsellors prove their identity, even when it is the bank that makes contact. One solution might be a registration system for financial counsellors that the 'big four' commit to accepting as sufficient identification.

Transparency and communication

Numerous survey participants recommended that all banks make their hardship policies easily available to financial counsellors and then adhere to them. It saves time and money if financial counsellors know what is, and is not, possible in advance.

Flexibility

A recurring theme in the survey's qualitative responses was the need for banks to realise that hardship comes in many forms and timeframes and, therefore, they need to develop policies and offers that cater to individual circumstances. The survey respondents urged the 'big four' to go beyond the 'three-month mindset' that predominates in some corners.

Training

According to survey participants, inadequately trained bank staff slow down processes which costs all parties time and money as well as loss of goodwill. There were strong recommendations to develop internal cultures of understanding and empathy towards customers in financial hardship, rather than a 'collections' mindset that views hardship as merely an obstacle to repayment.

Self-criticism

Survey participant comments also sought acceptance by the banks that sometimes customers are in hardship due to inappropriate lending and that the institutions bear some responsibility.

3.2 COMMUNICATION



Would love to talk to the original person instead of getting the run around.



Respondents were given an open-ended opportunity to make further comment on communication issues. A common theme emerged around the need for consistent communication and well trained staff. Respondents commented on the frustration of dealing with call centre staff that don't understand financial hardship either conceptually or as an internal policy. A related complaint was the need to work through collections rather than dedicated hardship teams.

Lost or delayed letters of authority from third parties appear to be problematic across most banks, with many respondents commenting on the regular need to resend letters of authority.

Positive comments were made about banks that have dedicated financial counsellor liaison positions, although one respondent noted that there needs to be greater clarity as to the role and power of these positions.

3.3 HARDSHIP AND CUSTOMER OUTCOMES

Qualitative survey responses regarding hardship and customer outcomes repeatedly noted the difficulties caused by banks' short-term approach to hardship. Many respondents commented on the inability of banks to address the realities of long-term hardship, particularly when the period of hardship relief does not match the duration of hardship experienced by the customer. Similar remarks were made about a general misunderstanding regarding the causes of hardship. The 'big four' should be sensitive to the reality that customers are often in hardship because of a set of circumstances that may be difficult to overcome, including mental health, natural disaster, relationship breakdown and other complicated factors.

Other concerns raised included: inconsistent outcomes that were dependent upon the bank staff member involved; the inability of customers to self-advocate within the current framework (one respondent went so far as to suggest that unrepresented customers are bullied by certain banks); and initial rejections of customer applications for financial hardship that consistently get overturned on internal review, suggesting insufficient training.

3.4 PROCESSES AND ATTITUDES

Qualitative responses regarding bank processes and attitudes regularly touched on the need for greater understanding of 'judgment-proof' customers. Some respondents suggested that the problem is less with understanding the concept and more at a practical level, as banks find it is easier to simply 'sell the debt'.

Reinforcing the statistical responses, many respondents commented on having strong relationships with particular hardship team members, along with good overall relationships. Others felt they were treated as somehow hampering the process or as a 'necessary evil', but the majority of comments were positive.



Banks do not consider a client with no assets and only receiving Centrelink income. They treat them no differently to a client with employment and assets. Waivers are extremely rare without the involvement of the Bulk Debt Negotiation process.



4. DISCUSSION AND NEXT STEPS

4.1 DISCUSSION

From the viewpoint of financial counsellors, there are clear differences between the 'big four' banks when it comes to assisting customers in financial hardship.

NAB was rated more highly than all of the other banks, across all attributes. The rest of the 'league table' was (in order): ANZ, Westpac and finally CBA. This means that customers in financial difficulty are being treated differently, depending on the bank they are dealing with. It is a significant concern that hardship processes and outcomes can vary so vastly and in such an arbitrary way.

Even though some banks performed better than others, the survey also shows there is room for all of the institutions to make significant improvements to their hardship processes. Areas highlighted by the survey include:

- a lack of understanding of hardship beyond the short term and as a result, customers whose period of hardship is longer than three months may not be given adequate arrangements
- inconsistent application of policies within hardship teams
- an inability to deal with customers who simply cannot pay, such as long-term Centrelink recipients whose situations are unlikely to change
- inconsistent communication from some bank staff to financial counsellors
- hardship being treated as subordinate to collections
- people who self-advocate being less likely to achieve the same outcomes as those who engage a financial counsellor.

The FCRC hopes that future surveys regarding the 'big four' banks' approach to financial hardship issues show significant improvement on all measures.

4.2 NEXT STEPS

The FCRC plans to meet with each of the 'big four' to discuss the survey results in more detail. Financial counsellors have enjoyed productive relationships with the major banks and we look forward to having ongoing dialogue about ways to better their dealings with customers facing financial hardship.

Banks' responses to customers in financial hardship should be that of continual improvement rather than a static series of policies and procedures. The survey demonstrates that the 'big four' are not homogenous in how they deal with customers in financial difficulty.

The financial counselling sector believes there is room for improvement with each of the 'big four' and is committed to work with industry on behalf of bank customers who want to pay, but cannot.

APPENDIX A



Rank the Bank

Welcome to the FCRC Rank the Bank survey.

Hardship - some banks get it, some banks don't. We want to know who you think are the industry leaders and who is lagging behind. The survey will gauge your attitude toward communication, client outcomes, and bank attitudes, and offers the chance for FCs to inform the Big 4 about what they are doing right and what they are doing wrong.

Thanks for taking the time to complete the survey - there are not too many questions so it shouldn't take long! For those with spare time and strong opinions, please utilise the comments box at the end of each section to expand upon your answers.

Please rate the frequency with which you have dealt with each of the Big 4 banks over the past 6 months.

	Every day	Weekly	At least once every 2-3 weeks	Monthly	Less than monthly
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

In relation to each of the banks, in the last six months have you had a particularly bad experience? Examples might include very rude staff, unreasonable refusal to negotiate an arrangement, lost correspondence or undue difficulty in contacting the hardship team?

	More than 10	4-10 bad experiences	1-3 bad experiences	No bad experiences
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Overall Industry Comparison

Please rank the Big 4 as a whole in comparison to hardship policies offered in other industries. A rating of 5 indicates you feel the Big 4 are far better when it comes to hardship than the other industry, a rating of 1 that the Big 4 are far worse.

	Far Better	Better	Same	Worse	Much Worse
Energy and Water	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Telecommunications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Second Tier Banks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Debt Collection Agencies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

APPENDIX A

Communication

The following questions assess the quality of communication of each of the Big 4's hardship teams.

First Contact:

Please rank each of the Big 4 on the initial ease of getting through to the hardship department.

	Very Good	Good	Acceptable	Poor	Very Poor
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Quality of Subsequent Contact

Following initial contact, please rank the Big 4 on the quality of their subsequent communication. You might like to consider factors such as reliability of returned calls; numerous points of contact or one consistent point of contact; continued contact with client or acceptance of the FC as the appropriate person.

	Very Good	Good	Acceptable	Poor	Very Poor
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Letters of Authority

Please rank the Big 4 in terms of their willingness to accept your authority as a financial counsellor to advocate on behalf of your client. Think of whether they require undue levels of identification such as your date of birth, or how long it takes to process a letter of authority.

	Very Good	Good	Acceptable	Poor	Very Poor
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Feel free to make any further comments on communication....

APPENDIX A

Hardship and Client Outcomes

The following questions assess various aspects of the outcomes that clients achieve through the hardship policies of the Big 4.

Fair, Reasonable and Appropriate Outcomes

Please rank the Big 4 in terms of the outcomes that their hardship policies generate for your clients. Ask yourself whether on average the outcomes are fair, reasonable and appropriate in all the circumstances?

	Very Good	Good	Acceptable	Poor	Very Poor
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Long-term Hardship

Do you think that the options and outcomes offered by each bank reflect an understanding of the realities of long-term hardship (defined here as hardship beyond 3 months)?

	Full Understanding	4	Reasonable Understanding	2	No Understanding
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Self Advocacy

In general, do you feel that the Big 4 make the same hardship options available for self-advocating clients as for financial counsellors?

	Yes	No	Not Sure
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Feel free to make further comment about client outcomes....

APPENDIX A

Processes and Attitude

The following questions address issues surrounding the relationship between hardship teams, clients and financial counsellors.

Attitude toward the client

Please rank the Big 4 in terms of their attitude toward your clients. You might like to consider factors such as levels of empathy offered by the hardship team, understanding of circumstances such as mental health, ongoing insistence on client contact and whether their attitude is helpful or hostile.

	Very Good	Good	Acceptable	Poor	Very Poor
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Attitude toward Financial Counsellors

Please rate the attitude of the Big 4 toward you as a financial counsellor. Do they view you as an aid to resolution or an obstacle?

	Very Good	Good	Acceptable	Poor	Very Poor
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Judgment Proof Clients

Do you think the Big 4 understand and accept the concept of a judgment proof client (ie a client with no assets and a protected Centrelink income)?

	Fully understanding	Reasonable understanding	No understanding	I don't use the concept
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Feel free to make any further comments on the Big 4's attitude....

APPENDIX A

Overall Rating

In light of your previous answers, please give a mark out of 10 to each of the Big 4's hardship policies, 10 being the best and 1 being the worst.

	10	9	8	7	6	5	4	3	2	1
CBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NAB	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Which bank do you think is the best in terms of hardship and why?

Which bank do you feel is the worst in hardship and why?

Improvements

How could the banks best go about improving their hardship processes and policies?

Thanks for taking the time to Rank the Banks! FCRC will be using the information this survey collects as a basis for ongoing discussions with all members of the Big 4 about improving hardship policies. If justified by results, FCRC will also use the data as a platform for public comment.

APPENDIX B

A sample of qualitative comments received from surveyed Victorian financial counsellors.

Note: comments have been taken verbatim from the survey responses

WHICH BANK DO YOU THINK IS THE BEST IN HARDSHIP AND WHY?

“

NAB staff appear to consider the client's situation and see the person rather than the debt not currently being paid.

”

“NAB is consistent, recognisable, empathetic and professional. No other bank has familiar and consistent people.”

“NAB has a very good hardship team who genuinely hear the circumstances and don't treat us like we're trying to get out of something! They still want 35 sheets of documents but they seem to have more room to move and make reasonable decisions.”

“NAB is very understanding and realistic in their approach.”

“The big four have become harsher with their treatment towards clients in hardship; therefore I believe there is no market leader at this point.”

“ANZ understand hardship and do not waste unnecessary time, they also initiate feedback and updates.”

“NAB has a dedicated an experienced staff that liaise with financial counsellors.”

“Banks change constantly and it depends on the staff member and their attitudes. At the present time NAB has the best hardship policy.”

WHICH BANK DO YOU FEEL IS THE WORST IN HARDSHIP AND WHY?

“CBA are consistently poor and lack empathy, they don't keep me updated e.g. they sell a debt to Credit Corp whilst I am still waiting for the outcome of a waiver application.”

“CBA is slow in dealing with Hardship or refinance applications.”

“Westpac ... they are simply not interested.”

“CBA do not seem to understand the basics of hardship ... poor knowledge regarding options to deal with a client.”

“ANZ require a lot of paperwork and make it difficult to contact them for follow up. Need to negotiate with high ranking managers to obtain an outcome.”

“CBA because they are forever losing documents ... unwilling to accept the fact that sometimes even small payments are impossible to make.”

“Westpac - it is impossible to obtain long term hardship relief.”

“CBA will only offer one month hardship at a time which is very consuming for the counsellor and difficult for the client to manage.”

“My dealings with Westpac have been unacceptable and they refuse to return calls. This process does not assist our clients at all.”

“CBA as I have such trouble contacting them. Their phone system is a mess and they do not show much understanding or compassion.”

“CBA - judgemental, no flexibility.”

“NAB believe that even though a clients circumstances have changed the debt is still there so pay it”

“

CBA does not understand long term hardship especially clients that receive a pension and have no assets.

”

COMMENTS ON COMMUNICATION (3.2)

“Would love to talk to the original person instead of getting the run-around.”



Contacting Westpac is difficult. Often when you receive information from a Westpac staffer, it is wrong which causes further delays in obtaining a result that is required.



“Financial Counsellors should ring the call centre from time to time to remind ourselves what happens when you do not have the right language and advocacy skills. One CBA call centre staff member said they did not have a hardship department.”

“CBA consistently lose third-party authorities, their phone system is often impossible to get through.”

“Westpac – difficult to communicate.”

COMMENTS ON CUSTOMER OUTCOMES (3.3)

“Staff in hardship areas lack sufficient training in dealing with recognising the issues that have been presented on the clients behalf.”

“Staff fail to have an understanding of their obligations under the Code of Banking Practice and National Credit Code.”

“Clients who have attempted to negotiate prior to seeing a Financial Counsellor are not advised of their rights and options and are subsequently placed on payment plans which are most unreasonable.”

“Clients are disempowered by the fact they must see a financial counsellor to obtain an appropriate outcome when they could do it themselves.”

“One of my clients, who had no money was offered a payment arrangement that was going to last 12 years!”

COMMENTS ON PROCESSES AND ATTITUDES (3.4)

“Banks do not consider a client with no assets and only receiving Centrelink income. They treat them no differently to a client with employment and assets. Waivers are extremely rare without the involvement of the Bulk Debt negotiation process.”

“Banks that have dedicated financial counselling liaison staff simplify the process and access for financial counsellors is a lot easier. They understand mental health issues, listen and provide reasonable solutions.”

“FOS is the only way I can negotiate with a judgement proof client.”

“If we are talking about hardship programs we should be analysing how they deal directly with customers. If a hardship program needs an advocate to make it work, it is a failure.”



ANZ has gone backwards in that they will not consider a waiver even if the client has no possibility of returning to the workforce.



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