

RANK THE BANKS

The Banks



Financial counsellors in Australia rank the financial hardship policies of the **'big four'** banks, some of the **smaller** banks and **GE**

MARCH 2015

The survey of financial counsellors was completed by the sector through December 2014 and January 2015. This report is released in March 2015.

About Financial Counsellors

Financial counsellors assist consumers in financial difficulty. They provide information, support and advocacy to help consumers deal with their immediate financial situation and minimise the risk of future financial problems. The majority of financial counsellors work in community organisations. Their services are free, confidential and independent.

Financial counselling associations involved in this report



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Disclaimer

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

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Acknowledgements

The National Rank the Bank survey is a joint project between the State and Territory financial counselling associations and the peak body for financial counsellors, Financial Counselling Australia. The State and Territory financial counselling organisations are:

- ▶ Financial Counsellors ACT
- ▶ Financial Counsellors Association of New South Wales
- ▶ Money Workers Association of the Northern Territory
- ▶ Financial Counsellors Association of Queensland
- ▶ South Australian Financial Counsellors' Association
- ▶ Financial Counselling Tasmania
- ▶ Financial and Consumer Rights Council Victoria
- ▶ Financial Counsellors Association of Western Australia

Thank you to all of the financial counsellors who took the time to complete the Rank the Bank survey.

Executive Summary

The National Rank the Banks survey collates the views of financial counsellors about how the banking industry is responding to customers in financial hardship. The survey was undertaken between December 2014 and January 2015. The full survey was completed by 357 financial counsellors from every State and Territory in Australia, a response rate of 41%. A similar survey was completed in 2013, allowing comparisons to be drawn between the two surveys.

The Big Four: Headline Ratings

Financial counsellors ranked each of the big four banks in terms of their hardship policies and practices on a scale of one to 10 (one being the lowest ranking and 10 the highest ranking). For the 2014-15 survey, Westpac received the highest rating of 7.0, followed by NAB with 6.7, ANZ with 6.4 and CBA with 5.3. This was a different result to 2013, where NAB and ANZ had received the highest scores.

Overall, the 2014-15 results showed an improvement across the board. Each of the big four banks received higher scores in this current survey, than the previous survey. The biggest increase was for Westpac.

Financial counsellors were also asked which of the banks was the best performer, the lowest performer and most improved in terms of customer hardship. Westpac was seen as the best performing bank and the CBA as the worst performing bank. Westpac, followed by ANZ, was seen as the bank which had improved the most.

The Big Four: Other Factors

The survey also asked financial counsellors to rate the big four banks on a number of other factors. In terms of communication (first and subsequent contact), attitude toward clients and toward financial counsellors and consistency, Westpac, ANZ and NAB all received similar ratings. CBA receiving the lowest ratings. In general, the same trend was evident however showing higher ratings for all banks, particularly Westpac, in the 2014-15 survey than the 2013 survey.

Financial counsellors were also asked to rate whether hardship arrangements resulted in fair, reasonable and appropriate and outcomes for clients. Westpac received the highest rating with 69% of financial counsellors saying that outcomes were “often” or “always” fair, reasonable and appropriate. The results for the other banks on this criteria were 65% for NAB, 55% for ANZ and 31% for CBA.

Some clients have unrecoverable debt— they have low incomes, no significant assets and neither of these circumstances is going to change. This would mean that the client could not make any payments without forgoing essential expenses such as food. In

responding to customers with unrecoverable debt, the results for ANZ, NAB and CBA were very similar between both surveys. Westpac's results showed a dramatic increase, with the percentage of respondents who said their response was "good" or "very good" increasing from 18% in 2013 to 48% in 2014-15. This is likely to reflect the debt waiver process that Westpac initiated some time ago for the small percentage of customers who fall into this category.

In contrast, the survey showed that the majority of financial counsellors believe that customers who self-advocate will 'not often' get the same outcomes in relating to all four banks, than if they had seen a financial counsellor. There has been very little change in this rating between surveys.

Escalation of client matters to the Financial Ombudsman Service was uncommon. The bank where this occurred most frequently was CBA.

Citibank and GE

Financial counsellors commonly deal with Citibank and GE. On a scale of one to 10, GE's rating was essentially unchanged between the 2013 and 2014-15 surveys (5.6 vs 5.7) but the ranking for Citibank shows a large improvement from 3.5 to 5.4.

Financial counsellors were also asked if each of Citibank and GE had changed in the past 12-24 months. The most common response was that the organisations were 'about the same' (51% for Citibank and 47% for GE). Attitudes to clients were rated as 'acceptable, good or very good' by 57% of financial counsellors for Citibank and 66% for GE.

The most common rating for whether clients received 'fair, reasonable and appropriate outcomes' was 'sometimes' (65% for Citibank and 52% for GE). 42% of financial counsellors said that Citibank's approach to clients with unrecoverable debt was 'acceptable, good or very good'. The equivalent figure for GE was 58%.

Smaller Banks

An optional question enabled respondents to comment on the hardship policies and practices of some of the other banks operating in Australia. The ratings for 2014-15, with 2013 in brackets were: AMP Bank 5.0 (3.7), Bank of Queensland 5.1 (3.9), Bendigo and Adelaide Bank 5.4 (4.3), Bankwest 4.5 (4.1), HSBC 4.7 (4.0), ING Direct 4.4 (3.6), Macquarie 3.8 (3.1), Members Equity Bank 4.5 (4.3), MyState 3.8 (not rated in 2013) and Suncorp 4.9 (3.9).

The ratings for all of the banks showed a marked improvement, except for Members Equity which was effectively the same. The smaller banks however still have lower ratings than the big four, which was the case in 2013.

Changes to Banking Practices

Since the 2013 survey, a number of banks, and the banking industry as a whole, have made a number of changes to hardship policies and practices. These include improved referrals to hardship teams, more staff training, streamlined approval processes, reduced documentation and through the Australian Bankers Association, better information

about accessing hardship assistance on websites, an industry-wide hardship guideline and new obligations in the Bank Code of Practice. The large majority of financial counsellors were either 'well aware of these changes' (47%) or 'somewhat aware of these changes' (46%). Of the group that were aware of these changes, 72% said the changes had made some difference, with 22% saying the changes had made a significant difference.

Conclusions

It is encouraging to see the increase in ratings across the banking sector as a whole between the two surveys. This is evident for both the big four banks, the smaller banks and GE. However there were still some disappointments in the rankings. CBA received the lowest rating of the big four in the 2013 survey and this was also the case in this survey. While there were some qualitative comments in the survey highlighting positive aspects of CBA's practices, overall their ratings were lower than the other big banks across all factors.

More generally, one area where more work is needed is in assessing whether customers who self-advocate receive the same outcomes as those that have the assistance of a financial counsellor. Another area is in closing the gap in rankings between the big four banks and the smaller banks. The smaller banks responded constructively to the 2013 Rank the Banks survey and the majority instigated changes as a result. We hope that future surveys will eventually see this gap disappear. The qualitative comments in the survey suggest that Bankwest, HSBC and Members Equity would benefit in particular from reviewing their hardship policies and practices. We would encourage those banks to look to the recently updated ABA Industry Guideline 'Promoting Understanding about Banks' Financial Hardship Programs' to assist their review.

Since the 2013 survey there has been extensive engagement between the banking industry and financial counsellors. This has included meetings between the peak bodies, FCA and the ABA and meetings between individual banks and representatives of the financial counselling sector. The changes made by the banking industry to hardship policies and practices as a result have not only been good for customers, but we understand also good for the bottom line. This is a win/win situation.

The release by the banking industry, in March 2015, of its revised industry guideline on hardship (referred to above) was also very welcome. We were particularly pleased to see that the guideline recognises that for a small proportion of customers the most appropriate response to financial hardship could be a debt reduction or debt waiver and recognises that in some instances the documentation required for making an application for hardship can be simplified.

We look forward to continuing to work collaboratively with the banking industry in the future in assisting customers in financial hardship.

1

BACKGROUND

// Customers are experiencing **financial hardship** if they want to pay their debts, but are unable to do so. **//**

1.1 About this Survey

This is the second National Rank the Banks survey, with the first survey having been undertaken in 2013. This means that we can begin to compare and track changes over time.

1.2 Methodology

Data for the report was gathered through an online survey of the members of State and Territory financial counselling associations. The survey took place over the period December 2014—January 2015. The survey was substantially similar to that administered in 2013.

The survey instructions asked financial counsellors to think about their interactions overall with a particular institution, rather than concentrate on their most recent contact or historical experiences. This instruction was designed to encourage the sector to think broadly and to reduce bias.

Data analysis is a mix of statistical and thematic analysis. Not all questions were mandatory. The percentages in this report relate to the percentage of respondents that answered a specific question, not the percentage of total survey respondents.

1.3 Response Rate and Profile

The survey was started by 407 financial counsellors, 357 of whom completed the survey in full. As more financial counsellors started the survey than completed it, the response rate for some questions is higher. There are 868 financial counsellors who are members of their State/Territory financial counselling association. The overall survey response rate, based on full survey completion, was therefore 41%. The response rate for each State/Territory, as a percentage of their membership and absolute numbers, is shown in Figure 1 on the next page.

There were slightly more respondents in metropolitan areas (54%) than rural/regional areas (46%). The majority of respondents had been in the sector for four years or more (47% had been in the sector between four and nine years and 25% for ten years or more).

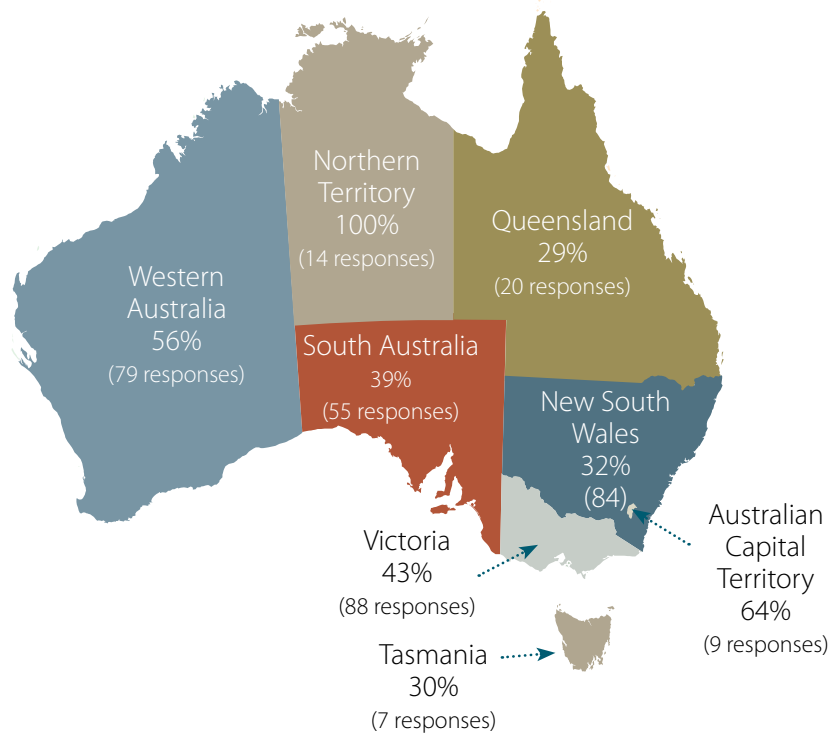


Figure 1 Response Rate for each State/Territory: Percentage and Number

1.4 Frequency of Contact with the Big Four

Two of the survey questions gauged how often financial counsellors were contacting the big four banks. These questions indicate the extent to which the observations of the financial counsellors responding to the survey were based on recent and/or frequent experiences.

This data indicated that the most recent contact by the majority of respondents with a major bank was recent. On average, 58% of financial counsellors had contacted the big four banks in the previous month of the survey, with a further 21%, on average, reporting their last contact between one and three months. However, for 21% of respondents, their last contact was more than three months previously.

In the previous six months, on average, 17% of financial counsellors said they dealt with a major bank at least every week, 26% fortnightly, 28% monthly and 16% every couple of months. A small percentage (13%) had no contact in the past six months. (It is possible that this latter group may not have continued to answer the other questions in the survey.)

2.1 Headline Results

Financial counsellors were asked to provide an overall score out of ten for each of the big four banks in terms of their hardship policies and practices (one being the lowest ranking and 10 the highest ranking). Given that the 2014-15 survey was substantially similar to that conducted in 2013, it is valid to also include the comparison with that survey. The results are shown in Figure 2 below.

For the 2014-15 survey, Westpac received the highest rating of 7.0, followed by NAB with 6.7, ANZ with 6.4 and CBA with 5.3. This was a different result to 2013, where NAB and ANZ had received the highest scores.

Overall, the 2014-15 results showed an improvement across the board. Each of the big four banks received higher scores in this current survey, than the previous survey. The biggest increase was for Westpac.

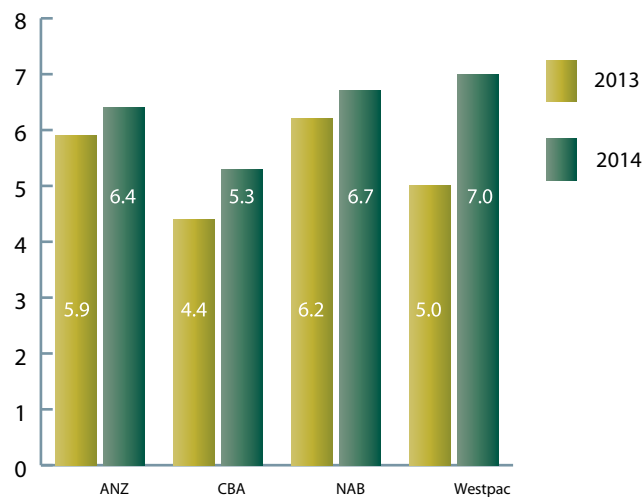


Figure 2 Overall Ranking of the 'Big Four' Banks by Financial Counsellor (using a scale of 1 - 10, where 1 is the lowest ranking)

As noted in the 2013 survey, the overall rankings mask some of the variability in responses. For example, while Westpac had the highest overall score, some financial counsellors gave them a low rating. Conversely, other financial counsellors rated CBA highly. This variability is shown in the four graphs in Figure 3 following.

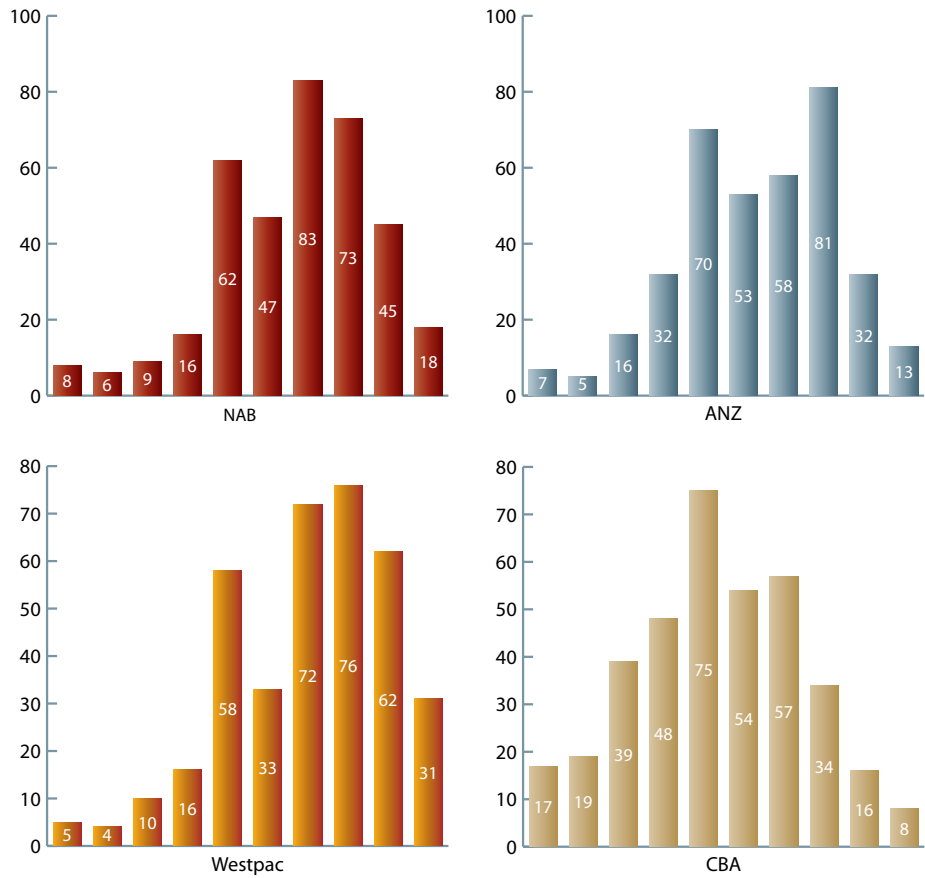


Figure 3 Overall 1 - 10 rankings by Bank

Financial counsellors were also asked which of the banks was the best performer,¹ the lowest performer² and most improved³ in terms of customer hardship. As shown in Figures 4, 5 and 6 below, Westpac was seen as the best performing bank and the CBA as the worst performing bank. Westpac, followed by ANZ, was seen as the bank which had improved the most. Interestingly, quite a large number of financial counsellors were 'not sure' which bank had improved the most.

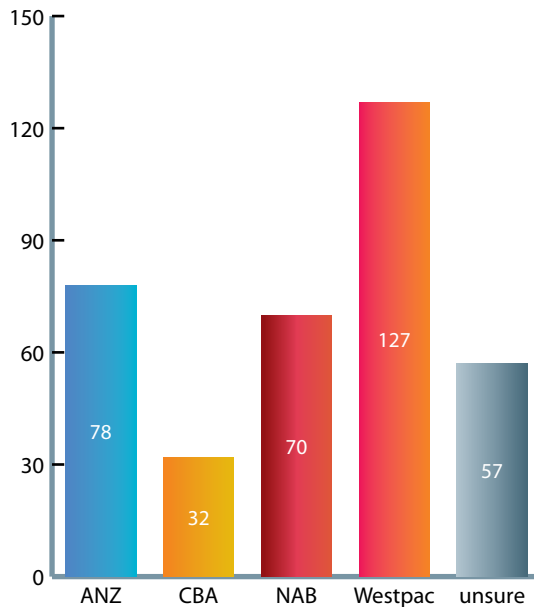


Figure 4 Best performing big four bank in responding to customers experiencing financial hardship

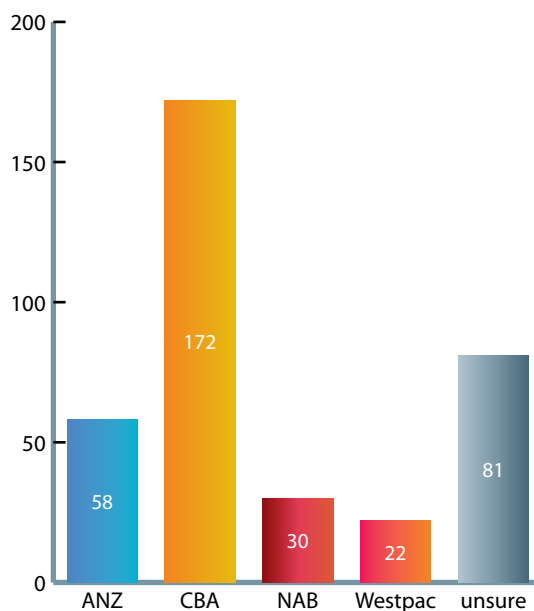


Figure 5 Lowest performing big four banks responding to customers experiencing financial hardship

.....
1 362 people answered this question.
2 363 people answered this question.
3 362 people answered this question.

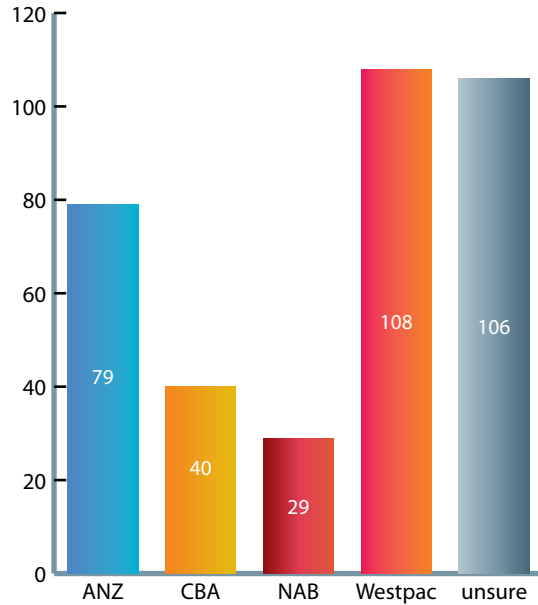


Figure 6 The big four banks which have most improved their hardship policies and practices in the past 6 months

2.2 Ratings for Specific Factors

The survey asked financial counsellors to answer a number of specific questions about how each of the big four banks dealt with customers in hardship as well as how they work with financial counsellors. These questions covered communication, attitudes to clients and financial counsellors, outcomes, unrecoverable debt, consistency, referrals to the Financial Ombudsman Service and whether customers would obtain similar outcomes if they self-advocated.

2.2.1 Communication (First and Subsequent Contact)

Financial counsellors were asked to assess the quality of communication with each of the big four's hardship teams when they first contacted them and then in subsequent contact. The rating scale was "very poor", "poor", "acceptable", "good" or "very good". The combined percentage results for "good" and "very good" are shown in Table 1 below.

Bank	First Contact % 'good' or 'very good'		Subsequent Contact % 'good' or 'very good'	
	2013	2014-15	2013	2014-15
ANZ	48%	56%	50%	49%
CBA	26%	39%	25%	34%
NAB	52%	59%	51%	53%
Westpac	37%	63%	37%	58%

Table 1 Percentage of respondents saying that the bank was 'good' or 'very good' when it came to first contact and subsequent contact in the 2013 and 2014-15 surveys

In terms of first contact, Westpac, NAB and ANZ all had ratings high ratings. CBA had the lowest rating. However all banks had better results than in 2013.

In terms of subsequent contact, covering factors such as reliability of returned calls, responses within 21 days for hardship requests (as required by the National Credit Code) or if agreements are confirmed in writing, the ratings showed the same patterns.

2.2.2. Attitude to Clients and to Financial Counsellors

Financial counsellors were asked to rate each of the 'big four' banks in terms of their general attitude towards customers in hardship considering factors such as the empathy of the bank hardship team, if staff attitude was helpful or unhelpful and whether customers were listened to. As shown in Table 2 below, Westpac was rated the most highly and CBA had the lowest rating.

Each of the 'big four' banks were also rated by financial counsellors in terms of their attitude toward them. These results were much higher overall than in relation to attitudes toward clients. The ratings were very similar for Westpac, NAB and ANZ (average 66%). The score for the Commonwealth Bank was the lowest at 45%.

Bank	Toward Client % 'good' or 'very good'		Toward Financial Counsellors % 'good' or 'very good'	
	2013	2014-15	2013	2014-15
ANZ	47%	43%	61%	63%
CBA	24%	25%	42%	45%
NAB	46%	51%	61%	67%
Westpac	33%	58%	51%	68%

Table 2 Percentage of respondents saying that the bank was "good" or "very good" when it came to attitudes toward clients and toward financial counsellors for the 2013 and 2014-15 surveys.

2.2.3 Client Outcomes

Financial counsellors were asked to rate whether hardship arrangements offered by the big four banks resulted in fair, reasonable and appropriate outcomes for clients. Figure 7 below shows that very few financial counsellors answered “never” for any of the big four banks. 69% of financial counsellors said that arrangements with Westpac “often” or “always” resulted in fair, reasonable and appropriate outcomes. The results for the other banks for the combined percentages of “often” and “always” were: 65% for NAB, 55% for ANZ and 31% for CBA.

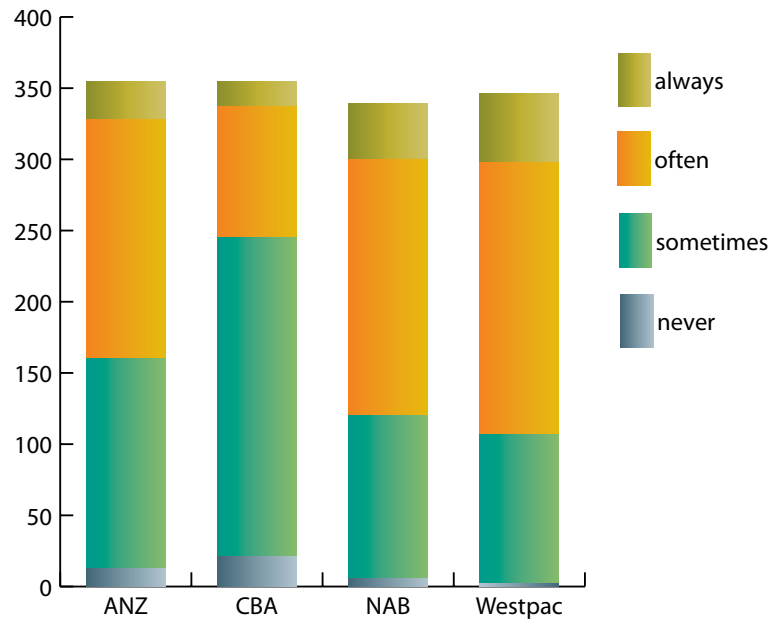


Figure 7 On balance, do the hardship arrangements offered by the big four banks result in fair, reasonable and appropriate outcomes for your clients?

2.2.4 Unrecoverable Debt

Some clients have unrecoverable debt— they have low incomes, no significant assets and neither of these circumstances is going to change. This would mean that the client could not make any payments without forgoing essential expenses such as food. The comparable question in the 2013 survey used the term “long-term hardship” defined as those customers who are unable to get back on top of their financial situation in the near future. Although the phrasing is slightly different, the sentiment in the questions are similar, and the graph below includes results from both years. This shows the percentage of respondents who said that a bank’s response was “good” or “very good”. The results for ANZ, CBA and NAB are essentially the same between years. The result for Westpac shows a large improvement, from just 18% in 2013 to 48% in 2014-15.

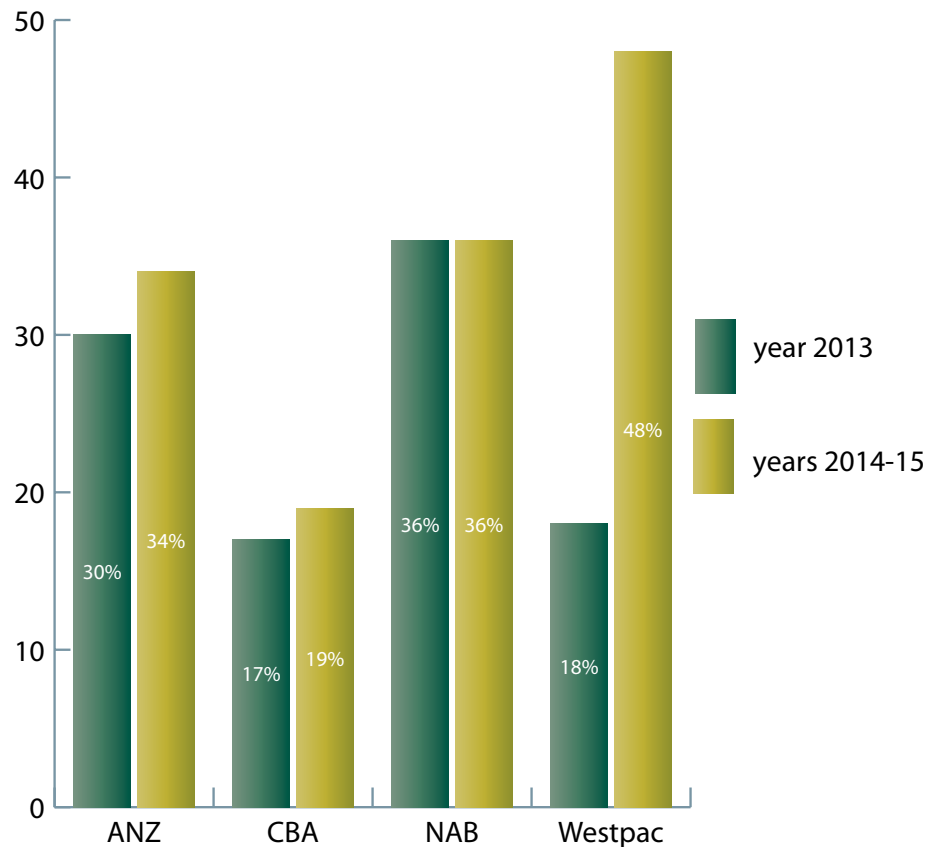


Figure 8 % of respondents rating responses by the big four to unrecoverable debt (2014-15) or long-term hardship (2013) as “good” or “very good”

2.2.5 Consistency

The survey also assessed consistency: are customers in similar circumstances provided with consistent outcomes “none of the time”, “some of the time”, “most of the time” or “all of the time”. Figure 9 shows the percentage results for “most of the time” and “all of the time” for 2013 and 2014-15. Each bank recorded an improved result between the surveys. Westpac had the highest result, moving from 40% to 64%. CBA is the only bank with a consistency rating below 50%.



Figure 9 % of financial counsellors rating banks as providing consistent outcomes “most of the time” or “all of the time”

2.2.6 Self Advocacy

This survey question asked financial counsellors, whether, from their experience in the past six months, self-advocating customers would receive the same hardship options as financial counsellors. Response options were “not sure”, “never”, “not often”, “sometimes”, “mostly” or “always”.

In interpreting the results, we note that around 20% of respondents answered “not sure”, presumably because they had no comparative experience to draw on. The overall results for those that did answer the question are in Table 3 below for both 2013 and 2014-15. They show that the majority of financial counsellors believe that customers who self-advocate do “not often” get the same outcomes. There has been very little change in this rating between surveys.

Bank	Never	Not often	Sometimes	Mostly	Always
	% 2014-15 (cf % 2013)				
ANZ	18% (15%)	42% (42%)	28% (29%)	12% (12%)	0% (1%)
CBA	25% (24%)	47% (47%)	22% (23%)	6% (5%)	0% (0%)
NAB	15% (22%)	39% (34%)	35% (34%)	11% (19%)	0% (2%)
Westpac	13% (18%)	38% (44%)	15% (28%)	15% (9%)	0% (0%)

Table 3 Whether customers receive the same hardship options if they self-advocate (with highest response highlighted) for 2014-15 and 2013

2.2.7 Escalation to the Financial Ombudsman Service

The Financial Ombudsman Service (FOS) is an external dispute resolution scheme set up to provide free, fair and accessible services to consumers unable to resolve disputes with financial services providers. All big four banks are members of FOS.

Financial counsellors were asked to estimate the percentage of client matters they had escalated in the past six months to FOS. Possible responses to the question were “0% (none)”, “less than 10%”, “10% to 30%”, “more than 30%” of clients or “unsure”.

As Table 4 shows, escalation to FOS occurs in relatively few cases. Ratings for all banks improved between the surveys. The CBA had the most instances of escalation in both surveys.

Bank	None (0%)	Less than 10%	10% to 30%	More than 30%	Unsure
	% 2014-15 (cf % 2013)				
ANZ	67% (63%)	20% (25%)	4% (5%)	1% (2%)	6% (5%)
CBA	59% (50%)	25% (27%)	6% (11%)	2% (6%)	7% (6%)
NAB	73% (69%)	16% (20%)	3% (4%)	1% (2%)	7% (5%)
Westpac	76% (58%)	12% (26%)	3% (6%)	1% (3%)	8% (7%)

Table 4 Percentage of bank hardship clients escalated to FOS in the past six months: 2014-15 and 2013

2.3 Qualitative Comments

Financial counsellors were also given the opportunity to also make qualitative comments. The number of financial counsellors providing qualitative comments is below.

Question	No of Responses
Why is this bank the best performer?	187
Why is this bank the lowest performer?	169
How has this bank improved?	111
Please make any further comments on any of the big four banks in regard to communication, processes or client outcomes. Please state which bank or banks you are commenting on.	105

Best Performer

In relation to the “best performer” the comments replicated some of the themes in the survey questions. Financial counsellors mentioned: empathy, support and understanding of customers in hardship, the provision of fair, affordable and sustainable arrangements, the efficiency of the process including timeliness, ability to deal with unrecoverable debt, friendly and approachable staff, respect for the professionalism of financial counsellors, not requiring excessive documentation, assistance for Indigenous customers and consistency.

Worst Performer

Comments by financial counsellors as to why they had rated a particular bank as the “worst performer” covered a multitude of reasons. These included criticism that charging interest on a credit card debt does not help a customer get back on top of their situation, slowness, not assisting Indigenous clients, delays, lack of knowledge in the hardship team about what options might be available, asking if family members or friends can pay the debt, not handling issues with unrecoverable debt, outsourcing to debt collectors (including when the financial counsellor is dealing with the bank), losing correspondence and paperwork, a bureaucratic attitude, no follow up (eg calls not being returned), inconsistency, only offering short-term assistance, being brushed off, not listening or even unpleasant staff, inability to negotiate reasonable arrangements, inflexible, one-size fits all approach.

Most Improved

Westpac’s debt waiver initiative was mentioned frequently by a number of financial counsellors as the factor that they had noticed the most. ANZ has also recently introduced a similar approach and this was also commented on. More generally, comments referred to achieving better, faster outcomes for clients, being easy to deal with, tailored responses, empathy, providing time for completion of the Statement of Financial Position, more consistent, engaging with the financial counselling sector, actively listening.

Other Comments

A number of financial counsellors commenting in this section elaborated on problems they had experienced in interacting with CBA. There were also comments comparing one bank to another, or raising specific issues with certain banks (both positive and negative). One financial counsellor raised the issue of problems for Indigenous clients in providing identification to the banks.

3.1 Ratings

Financial counsellors commonly deal with Citibank and GE and as was the case in the 2013 survey, financial counsellors were asked to consider them separately. The overall rankings for both surveys are in Figure 10 below. GE's rank is effectively unchanged at 5.7, but the ranking for Citibank shows a large improvement from 3.5 to 5.4.

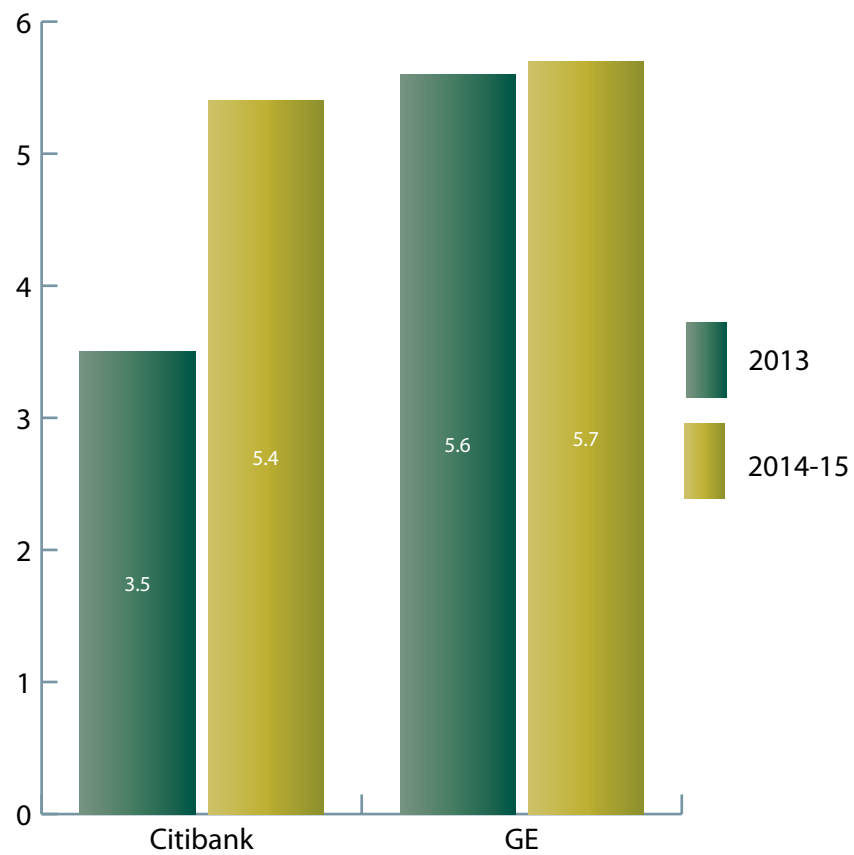


Figure 10 Overall ranking of Citibank and GE by financial counsellor (using a scale of 1 - 10, where 1 is the lowest ranking) for the 2014-15 and 2013 surveys

Financial counsellors were also asked “if you have been in the sector for 12 months or more, please tell us how each of Citibank and GE have changed in the past 12-24 months”? The most common response was that the organisations were “about the same” (51% for Citibank and 47% for GE). These raw numbers are shown in Figure 11 below. Far more financial counsellors for both institutions reported positive improvements than negative ones.

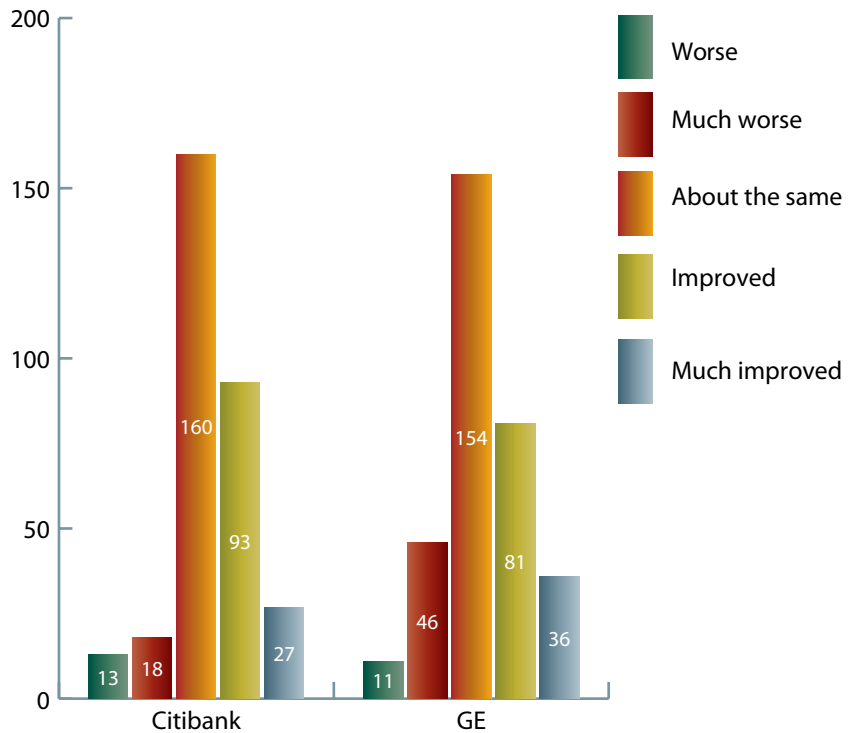


Figure 11 If you have been in the sector for 12 months or more, please tell us how each of Citibank and GE have changed in the past 12-24 months?

3.2 Other Factors

3.2.1 Attitude to Customers

Attitude to customers received positive ratings for both Citibank and GE: 57% of financial counsellors said that Citibank’s attitude to customers was acceptable, good or very good. The equivalent figure for GE was 66%.

Institution	Very Poor	Poor	Acceptable	Good	Very Good
Citibank	13%	29%	40%	13%	4%
GE	12%	23%	39%	20%	7%

Table 5 % of financial counsellors ratings for attitude to customers (‘unsure’ responses not included)

3.2.2 Arrangements are fair, reasonable and appropriate

The majority of financial counsellors said that arrangements were fair, reasonable and appropriate “sometimes” for both Citibank and GE (65% and 52% respectively).

Institution	Never	Sometimes	Often	Always
Citibank	6%	65%	26%	3%
GE	8%	52%	33%	8%

Table 6 % of financial counsellors rating arrangements as fair, reasonable and appropriate (‘unsure’ responses not included)

3.2.3 Unrecoverable debt

As Table 7 shows, generally Citibank and GE were not seen as dealing with customers with unrecoverable debt in an effective manner.

Institution	Poor	Acceptable	Good	Very Good
Citibank	58%	27%	9%	5%
GE	42%	35%	17%	6%

Table 7 % of financial counsellors ratings re unrecoverable debt (‘unsure’ responses not included)

3.3 Qualitative Comments

Survey respondents were given the option to comment on GE or Citibank on things that have improved or changes that are needed - 107 financial counsellors took the opportunity to do this.

There were more negative comments than positive comments about both GE (ratio of roughly one positive comment to every two negative comments) and Citibank (roughly one positive comment to every negative comment). The comments were therefore quite polarised. Financial counsellors commenting positively on Citibank often mentioned that the bank’s hardship processes had improved noticeably in recent years and they were easy to deal with. Issues of concern included the type of arrangements available, whether staff had the authority to make decisions, consistency and documentation. A similar pattern was evident with GE, with some financial counsellors reporting positive experiences while others pointed to areas for change, such as timeliness, dealing with unrecoverable debt and the appropriateness of hardship options generally.

4

SMALLER BANKS

4.1 Rankings

An optional question enabled respondents to comment on the hardship policies and practices of some of the other banks operating in Australia. The banks rated in this question were: AMP Bank, Bank of Queensland, Bendigo and Adelaide Bank, Bankwest, HSBC, ING Direct, Macquarie, Members Equity Bank, MyState and Suncorp.

Financial counsellors were asked to provide a rating for a bank only if they had interacted with that bank in the past six months. Again, the question used the rating scale of one to 10, where one was the lowest rating and 10 the highest rating. The ratings for each bank for both surveys are shown in Figure 12 below.

The ratings for all of banks showed a marked improvement, except for Members Equity which was effectively the same. The smaller banks however still continued to have lower ratings than the big four.

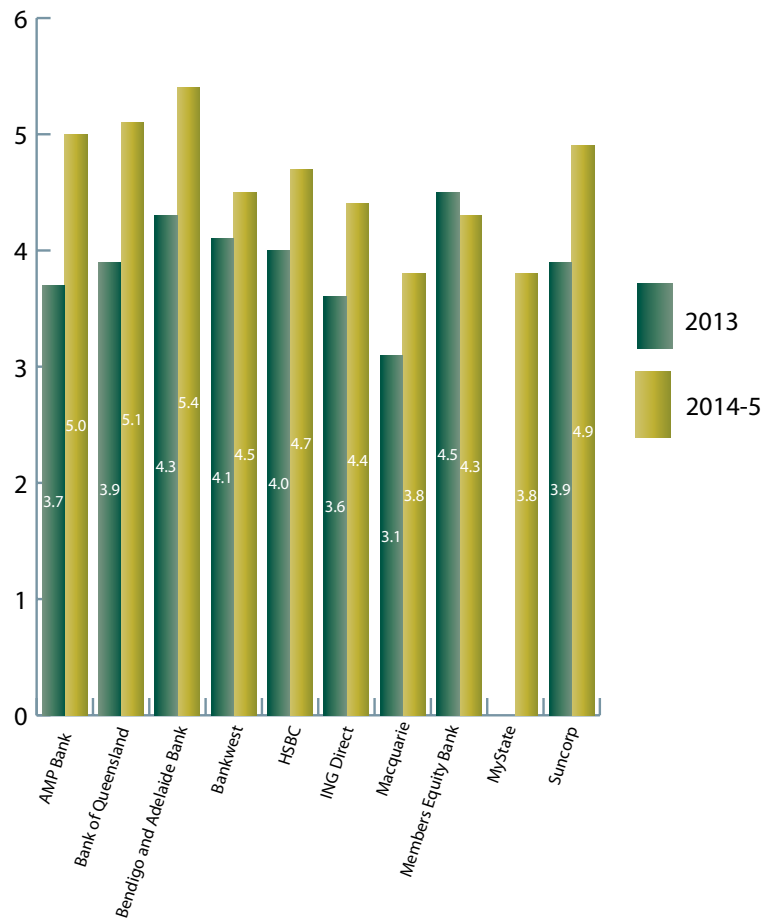


Figure 12 Overall ranking of the other banks by financial counsellor (using a scale of 1 - 10, where 1 is the lowest ranking) for the 2014-15 and 2013 surveys

4.2 Qualitative Comments

There were 91 financial counsellors who made comments about what any of the smaller banks could improve or should keep doing. There were both positive and negative comments made. Noting that the sample sizes were small, there were a lot more negative, rather than positive, comments made about Bankwest (17 negative, five positive), HSBC (12 negative, three positive) and Members Equity (7 negative, one positive) in particular. Conversely, there were more positive comments made about Bendigo and Adelaide Bank (nine positive, four negative).

A couple of financial counsellors suggested that it would be helpful if the smaller banks appointed financial counsellor liaison positions. There were also concerns that information about how to contact the hardship team was difficult to find on the websites of some of the smaller banks.

5

IMPACT OF CHANGING PRACTICES

Since the 2013 survey, we are aware that a number of banks, and the banking industry as a whole, have made a number of changes to hardship policies and practices. The survey specifically included two questions about this specifically.

The first question provided some examples of these changes—improved referrals to hardship teams, more staff training, streamlined approval processes, reduced documentation and through the ABA and the industry as a whole, better information about accessing hardship assistance on websites, an industry-wide hardship guideline and new obligations in the Bank Code of Practice. As Figure 14 shows, 47% of financial counsellors were well aware of these changes, 46% were somewhat aware of these changes and 7% were not aware of them.

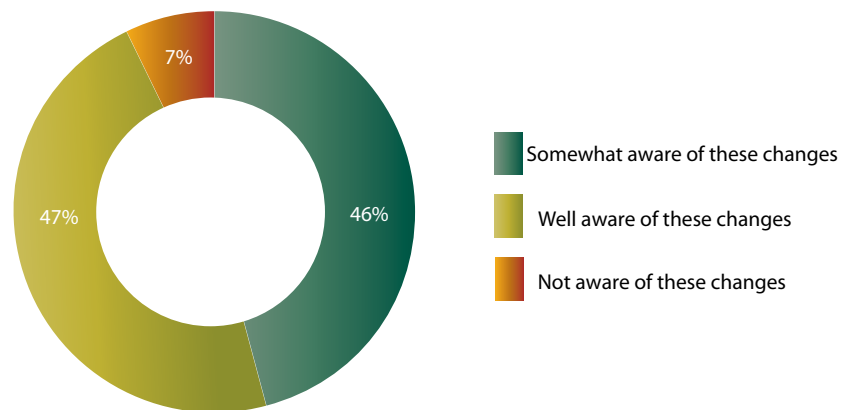


Figure 14 % of financial counsellors aware of changes to hardship policies and practices

The second question asked “if you are aware of these changes, what difference do you think they have made to the industry as a whole”? The large majority of financial counsellors (72%) said the changes had made some difference, with 22% saying the changes had made a significant difference. 6% of financial counsellors said they had made no difference at all.

It is encouraging to see the increase in ratings across the banking sector as a whole between the two surveys. This is evident for both the big four banks, the smaller banks and GE. However there were still some disappointments in the rankings. CBA received the lowest rating of the big four in the 2013 survey and this was also the case in this survey. While there was some qualitative comments in the survey highlighting positive aspects of CBA's practices, overall their ratings were lower than the other big banks across all factors.

More generally, one area where more work is needed is in assessing whether customers who self-advocate receive the same outcomes as those that have the assistance of a financial counsellor. Another area is in closing the gap in rankings between the big four banks and the smaller banks. The smaller banks responded constructively to the 2013 Rank the Banks survey and the majority instigated changes as a result. We hope that future surveys will eventually see this gap disappear. The qualitative comments in the survey suggest that Bankwest, HSBC and Members Equity would benefit in particular from reviewing their hardship policies and practices. We would encourage those banks to look to the recently updated ABA Industry Guideline 'Promoting Understanding about Banks' Financial Hardship Programs' to assist their review.

Since the 2013 survey there has been extensive engagement between the banking industry and financial counsellors. This has included meetings between the peak bodies, FCA and the ABA and meetings between individual banks and representatives of the financial counselling sector. The changes made by the banking industry to hardship policies and practices as a result have not only been good for customers, but we understand also good for the bottom line. This is a win/win situation.

The release by the banking industry, in March 2015, of its revised industry guideline on hardship (referred to above) was also very welcome. We were particularly pleased to see that the guideline recognises that for a small proportion of customers the most appropriate response to financial hardship could be a debt reduction or debt waiver and recognises that in some instances the documentation required for making an application for hardship can be simplified.

We look forward to continuing to work collaboratively with the banking industry in the future in assisting customers in financial hardship.

APPENDIX 1 - SURVEY INSTRUMENT

Rank the Bank National Survey 2014

Welcome to Rank the Bank Survey 2014

Please tell us about how Australia's banks (and GE) are responding to customers in financial hardship. Your feedback is very important. We want to hear about the positive things that are happening as well as potential improvements. The data will be used to drive change in the financial services industry.

When answering the questions, think about your overall experiences, rather than one individual interaction.

The survey will take about 20 minutes to complete and is anonymous.

Most of the questions are about the 'big four' banks, Citibank and GE, but there are also some questions about the smaller banks.

The survey is being coordinated by Financial Counselling Australia in partnership with the State and Territory financial counselling associations.

For queries or assistance completing this survey, please contact Fiona on 0402 426 835 or via email info@financialcounsellingaustralia.org.au

Rank the Bank National Survey 2014

Frequency of Contact

*1. When did you last contact each of the big four banks on behalf of a client?

	Within the last month	Between 1 to 3 months ago	Between 3 to 6 months ago	More than six months ago
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*2. During the past 6 months, on average, how often have you contacted one or more of the big four banks on behalf of your clients?

	At least every week	Fortnightly	Monthly	Every couple of months	No contact in the past 6 months
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the Bank National Survey 2014

Communication

The following questions focus on communication with each of the big four banks' hardship teams.

(Remember: consider your communications as a whole in the past year and not just a single experience.)

*3. First Contact

Please rank each of the big four banks on the initial ease of contacting the hardship department (for example, by phone, email, letter).

	Not sure	Very poor	Poor	Acceptable	Good	Very good
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CBA	<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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*4. Quality of Subsequent Contact

Following initial contact, please rate each of the big four banks on the quality of their subsequent communication.

You might like to consider factors such as reliability of returned calls, responses within 21 days for hardship requests (as required by the National Credit Code) or if agreements are confirmed in writing.

	Not sure	Very poor	Poor	Acceptable	Good	Very good
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CBA	<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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the Bank National Survey 2014

Processes and Attitude

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

(Remember: consider your interactions as a whole in the past year and not just a single or the most recent experience.)

*5. Attitude toward Client

Please rate each of the big four banks in terms of their general attitude towards clients in hardship.

You might like to consider factors such as the empathy of the hardship team, if their attitude is helpful or unhelpful and whether clients are listened to.

	Not sure	Very poor	Poor	Acceptable	Good	Very good
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CBA	<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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*6. Attitude toward Financial Counsellors

Please rate each of the big four banks in terms of their general attitude toward you as a financial counsellor.

	Not sure	Very poor	Poor	Acceptable	Good	Very good
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CBA	<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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the Bank National Survey 2014

Client Outcomes

The following questions focus on outcomes for clients.

(Remember: consider the outcomes overall for your clients in the past year and not just a single or the most experience.)

*7. Fair, Reasonable and Appropriate Outcomes

On balance, do the hardship arrangements offered by the big four banks result in fair, reasonable and appropriate outcomes for your clients?

	Not sure	Never	Sometimes	Often	Always
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*8. Unrecoverable Debt

Some clients have unrecoverable debt - they have low incomes, no significant assets and neither of these circumstances is going to change. This would mean that the client could not make any payments without forgoing essential expenses such as food.

Please rate each of the big four banks as to how they respond to clients who have unrecoverable debts.

	Not sure	Poor	Acceptable	Good	Very good
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*9. Consistency

Are clients in similar circumstances provided with substantially consistent arrangements?

	Not sure	None of the time	Some of the time	Most of the time	All of the time
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the Bank National Survey 2014

*10. Escalation to FOS

In the past six months, what percentage of your bank hardship clients have you escalated to FOS (for whatever reason)?

	Not sure	None (0%)	Less than 10%	10%-30%	More than 30%
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*11. Self-advocacy

From your experience in the past 6 months, do self-advocating customers receive the same hardship options as financial counsellors?

	Not sure	Never	Not often	Sometimes	Mostly	Always
ANZ	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CBA	<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"/>
Westpac	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rank the Bank National Survey 2014

Overall Rating for the large Financial Institutions

*12. Overall Rank

In light of your previous answers, please rank each of the big four banks out of 10 in terms of their hardship policies and practices.

	Lowest 1	2	3	4	5	6	7	8	9	Highest 10
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"/>
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"/>
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"/>

13. Best Performing Bank

In light of your previous answers, which of the big four banks do you think is the best performer when responding to customers experiencing financial hardship and why?

	Best performing bank
ANZ	<input type="radio"/>
CBA	<input type="radio"/>
NAB	<input type="radio"/>
Westpac	<input type="radio"/>
Not sure	<input type="radio"/>

Optional: Please comment on why this bank is the best performer?

14. Worst Performing Bank

In light of your previous answers, which of the big four banks do you feel is the lowest performer when responding to customers in financial hardship and why?

	Lowest performing bank
ANZ	<input type="radio"/>
CBA	<input type="radio"/>
NAB	<input type="radio"/>
Westpac	<input type="radio"/>
Not sure	<input type="radio"/>

Optional: Please comment on why this bank is the worst performer?

Rank the Bank National Survey 2014

15. Improvements

Which of the big four banks has most improved their hardship policies and practices in the past 6 months and how have they improved?

	Most improved
ANZ	<input type="radio"/>
CBA	<input type="radio"/>
NAB	<input type="radio"/>
Westpac	<input type="radio"/>
Not sure	<input type="radio"/>

Optional: Please comment on how this bank has improved?

16. Please make any further comments on any of the big four banks in regard to communication, processes or client outcomes. Please state which bank or banks you are commenting on.

Rank the Bank National Survey 2014

Citibank and GE

Many financial counselling clients have accounts with Citibank and GE. This page has some questions about these institutions.

17. Please rate each of Citibank and GE in terms of the following factors.

	Attitude to Customers	Arrangements are fair, reasonable and appropriate	Unrecoverable debt
Citibank	<input type="text"/>	<input type="text"/>	<input type="text"/>
GE	<input type="text"/>	<input type="text"/>	<input type="text"/>

18. If you have been in the sector for 12 months or more, please tell us how each of Citibank and GE has changed in the past 12 - 24 months?

	Much worse	Worse	About the same	Improved	Much improved
Citibank	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
GE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*19. In light of your previous answers, please rank Citibank and GE out of ten in terms of their hardship policies and practices.

	Lowest 1	2	3	4	5	6	7	8	9	Highest 10
Citibank	<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"/>
GE	<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"/>

20. Optional - please make any other comments about GE or Citibank, for example, about things that have improved or changes that are needed. (Please specify which organisation you are commenting about.)

Rank the Bank National Survey 2014

Beyond the Big Four: The Smaller Banks

This is your chance to tell us about your experiences with some of the smaller financial institutions.

21. This is an optional question to give you an opportunity to also comment about some of the smaller banks and their approach to hardship. Only provide a rating for a bank if you had some interaction with them in the past six months.

	Lowest	1	2	3	4	5	6	7	8	9	Highest
AMP Bank	<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"/>	<input type="radio"/>
Bank of Queensland	<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"/>	<input type="radio"/>
Bendigo and Adelaide Bank	<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"/>	<input type="radio"/>
Bankwest	<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"/>	<input type="radio"/>
HSBC	<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"/>	<input type="radio"/>
ING Direct	<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"/>	<input type="radio"/>
Macquarie	<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"/>	<input type="radio"/>
Members Equity Bank	<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"/>	<input type="radio"/>
MyState (Tasmanian bank)	<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"/>	<input type="radio"/>
Suncorp	<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"/>	<input type="radio"/>

22. The smaller banks are keen to hear about what they can improve (or should keep doing). Please make any comments below. Be sure to include the name of the bank you are commenting about, so that we can pass this information to them.

Rank the Bank National Survey 2014

Changes Since the 2013 Rank the Banks Survey

Only answer the next two questions if you also participated in the 2013 Rank the Banks survey.

23. Since the 2013 Rank the Banks survey, a number of the banks have made significant changes to their hardship policies and practices. Examples include improved referrals to hardship teams, more staff training, streamlined approval processes, reduced documentation and so on. Through the ABA, the industry as a whole has also responded: there is better information about accessing hardship assistance on websites, an industry-wide hardship guideline and new obligations in the Bank Code of Practice. Are you aware of these changes?

- Somewhat aware of these changes
- Well aware of these changes
- Not aware of these changes

24. If you are aware of these changes, what difference do you think they have made to the industry as a whole?

- Made no difference at all
- Made some difference
- Made a significant difference

About You

***25. How many years have you worked in financial counselling?**

- 0-3 years 4-9 years 10+ years

***26. In which state or territory do you most work?**

- ACT NSW NT QLD SA Tas Vic WA

***27. Do you most work in a metro or regional/rural area?**

- Metro Regional/rural

Thanks for taking time to Rank the Banks!

Press the DONE button below to submit your survey answers

28. Is there anything else you'd like to say?