

RANK THE BANKS

# The Banks



Financial counsellors in Australia rank the financial hardship policies of the big four banks and the smaller banks.

We also look briefly at debt collection companies and how financial hardship practices compare across industries.

2017

This survey was completed by financial counsellors between November and December 2017. This report was released in March 2018.

## About Financial Counsellors

Financial counsellors assist people experiencing financial difficulty. They provide information and advice to help people tackle their immediate financial problems and to minimise the risk of problems occurring in the future. The majority of financial counsellors work in community organisations. Their services are free, confidential and independent.

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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

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- Financial Counsellors ACT
- Financial Counsellors Association of New South Wales
- 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 the financial counsellors who took the time to complete the Rank the Banks survey.

## Disclosure

Financial Counselling Australia and the state associations receive financial contributions from some of the companies mentioned in this report. These contributions are used to defray the costs of the national and state financial counselling conferences or to help build the capacity of the sector, for example, to cover the costs of training. This funding comes from all the major banks, some of the smaller banks and some of the debt collectors included in this survey. The funding did not in any way influence how this survey was conducted.

# Summary of the results

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 in November 2017. Some 299 financial counsellors from every state and territory in Australia started the survey, a response rate of 31%. Similar surveys were conducted in 2013 and 2015, allowing comparisons to be drawn between all three surveys.

We also took the opportunity to ask financial counsellors to rank the hardship practices of debt collection companies and for their views on the comparative hardship responses of different industries.

## The big four: headline ratings

Financial counsellors ranked the hardship policies and practices of each of the big four banks on a scale of one to 10, where one was the lowest ranking and 10 the highest ranking.

For the 2017 survey, all four major banks received similar results. CBA received the highest ranking at 7.2 followed by NAB at 7.1. ANZ and Westpac both achieved a score of 7.0. These differences, of a decimal point or two, are minuscule.

In the 2015 survey, Westpac received the highest rating of 7.0, followed by NAB with 6.7, ANZ with 6.4 and CBA with 5.3. Comparing the 2017 results to the 2015 results shows Westpac with the same result, and an improvement for ANZ, NAB and CBA. In the case of CBA, the improvement is dramatic, with the bank moving from 5.3 to 7.2.

Financial counsellors were also asked which of the big four banks was the best performer, the lowest performer and most improved in terms of customer hardship. CBA was rated the best performing bank. Paradoxically, CBA was also viewed as the lowest performing bank. However, it is difficult to draw a strong conclusion from this question as many people (85) were unsure and so did not make a choice. Overwhelmingly, the evidence suggests that CBA has improved its hardship policies and practices most in the past six months.

## The big four: other factors

The survey also asked financial counsellors to rate the big four banks on other factors. In terms of communication, the ratings for all four banks improved in 2017 compared to 2015.

Financial counsellors were asked to rate each of the big four banks in terms of their general attitude towards customers in hardship. In 2017, CBA was rated the most highly, a vast improvement on the 2015 result where CBA received the lowest score for this question.

Each of the big four banks was also rated on its attitude toward financial counsellors. These results were much higher overall than on their attitudes toward clients. The ratings were very similar for ANZ, CBA and NAB, whilst Westpac was slightly lower.

Financial counsellors were also asked to rate whether hardship arrangements resulted in fair, reasonable and appropriate outcomes for clients. Very few financial counsellors answered “never” for any of the big four banks. The results were very similar for all banks.

Some clients have unrecoverable debt. This group of clients are on low incomes, have no significant assets and their circumstances are unlikely to change. The client cannot make any payments towards the debt without forgoing essential expenses such as food. The analysis looked at the percentage of financial counsellors who said that a bank’s response to clients with unrecoverable debt was “good” or “very good”. The result for Westpac was slightly lower in 2017 than in 2015. The other three banks all improved between 2015 and 2017, with the score for CBA increasing considerably (19% to 55%).

The survey showed that most financial counsellors believe that customers who self advocate do “not often” get the outcomes they would if they’d seen a financial counsellor. The ratings were similar between surveys. Escalation of client matters to the Financial Ombudsman Service was uncommon, which was a pleasing result.

### **The smaller banks: headline ratings**

In the previous surveys (2013 and 2015), financial counsellors were asked to consider Citibank and Latitude (formerly GE) separately. In the 2017 survey, they were asked to rank these financial institutions together with the other smaller banks.

The ratings for the smaller banks are generally much lower than for the big four banks, ranging from 3.2 to 5.7. Bendigo and ING Direct were the only two banks that had higher ratings in 2017 than in previous years. Suncorp essentially remained the same, whereas the ratings for all the other smaller banks were lower in 2017 compared to previous surveys. The rating for Latitude showed a large drop from 5.7 in 2015 to 4.3 in 2017.

### **Debt collectors: headline ratings**

Financial counsellors were also asked to rate debt collectors. This was the first time this question was included in the survey. Credit Corp Group scored the highest rating (6.9) with the other companies ratings ranging from 5.2 to 3.2. The sample sizes for some ratings were relatively small, so this needs to be kept in mind when interpreting these results.

### **Comparing industries**

Financial counsellors were also asked how they would rank industry hardship practices in general. Again, this question was not in previous surveys. The big four banks received the highest score (7.4) whilst the telcos scored the lowest (3.7). Utility companies scored 6.1, other banks scored 5.5 and debt collectors scored 4.2.

### **Conclusion**

It is encouraging to see the increase in ratings for the big four banks between the three surveys. However, we urge each of the big four banks not to become complacent, but continue to improve. There is still much more work ahead for the smaller banks if they are to lift their ratings to the same levels as the big four. We made similar comments in both the 2013 and 2015 surveys and it is worrying that there has not been any movement.

The inclusion in this survey of a question about debt collectors also provides an insight for the first time into this industry. As with the smaller banks, they have much work to do. Some parts of the industry are genuinely trying to change their approach, but the survey results suggest this is patchy.

Finally, the survey also provides a useful insight into comparative hardship practices. While it may surprise some people in the community, the large banks are doing comparatively well in assisting customers in financial hardship. The telecommunications industry are a long way behind.

**//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 third national Rank the Banks survey, with surveys having been undertaken in 2013 and 2015. This means we can compare and track changes in results 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 in November and early December 2017. The survey was substantially similar to that administered in 2013 and 2015. Most of the questions were about the big four banks, with some questions about the smaller banks. There was also one new question about debt collectors.

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 their historical experiences. This instruction was designed to encourage respondents 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 who answered a specific question, not the percentage of total survey respondents.

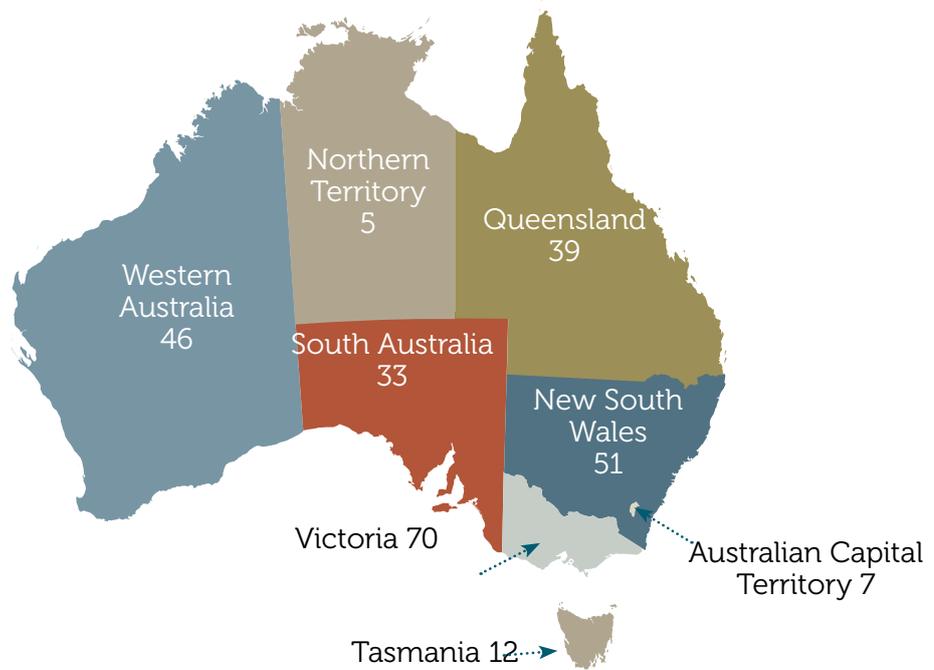
Quotes throughout this report are from the qualitative responses. In some places, they have been adjusted to correct grammar or spelling.

## 1.3 Response rate and profile

The survey was started by 299 financial counsellors. Some of the questions were optional and so were not answered by some respondents. The response rate is therefore higher for some questions than for others. The survey was sent to 757 financial counsellors who are members of their state/territory financial counselling association. The overall response rate for completed surveys was 31%.

Some 263 respondents identified the state or territory they reside in and this is shown in Figure 1 on the next page.

There were slightly more respondents in metropolitan areas (53%) than rural/regional areas (47%). Most respondents had been working in the sector for between four and nine years (52%), 26% for 10+ years and 22% for less than four years.



**Figure 1** Number of responses for each state/territory

## 1.4 Frequency of contact with the Big Four

Two questions gauged how often financial counsellors contacted 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.

Most respondents had recent contact with the major four banks on behalf of their clients. On average, 66% of respondents had contacted the big four banks in the month before the survey, with a further 20% reporting they had contact in the previous one to three months. For 14% of financial counsellors, they had contact with the big four banks more than three months before the survey.

In the previous six months, on average, 16% of financial counsellors said they dealt with a major bank at least every week, 28% fortnightly, 28% monthly and 19% every couple of months. A small percentage (9%) 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

## The big four

### 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 2015 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 2015 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 from 2013, where NAB and ANZ had received the highest scores.

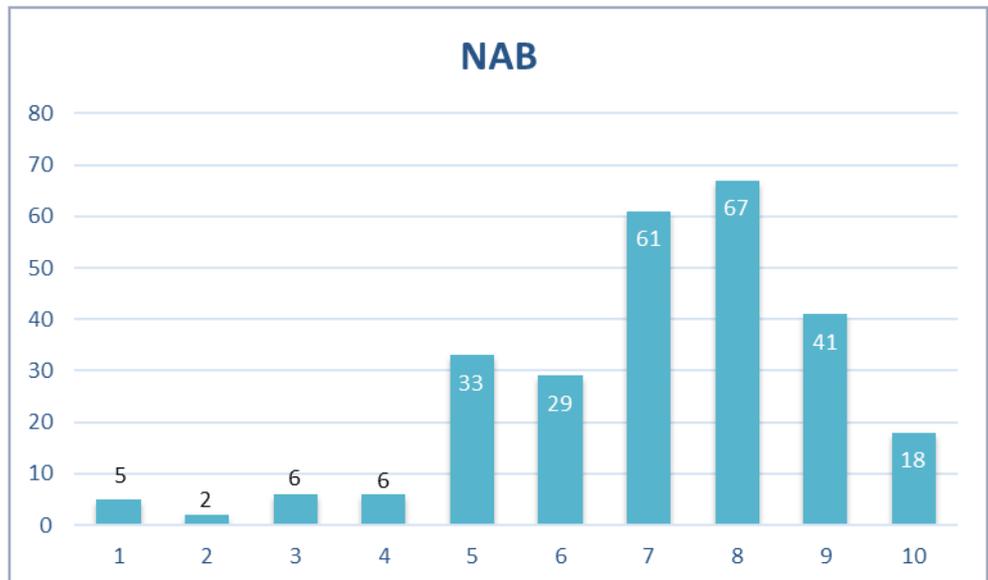
Overall, the 2015 results showed an improvement across the board. Each of the big four banks received higher scores in this current survey than the previous survey. The biggest increase was for Westpac.



**Figure 2** Overall score of the 'Big Four' Banks by financial counsellors in 2013, 2015 and 2017 (using a scale of 1 – 10, where 1 is the lowest ranking)

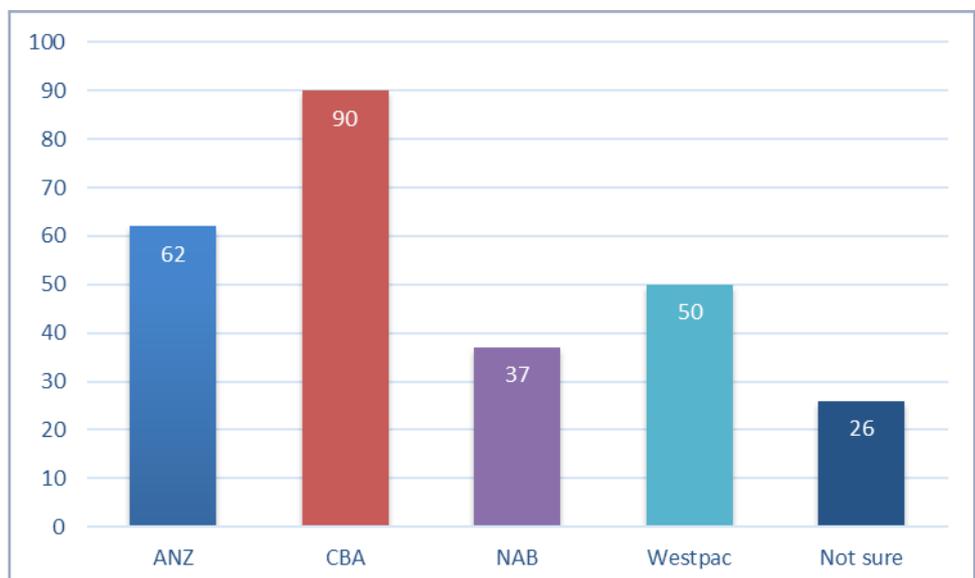
As noted in the 2013 and 2015 surveys, the overall rankings mask some of the variability in responses. For example, while the CBA had the highest overall score, some financial counsellors gave them a low rating. Conversely, other financial counsellors rated ANZ and Westpac highly. This variability is shown in Figure 3.



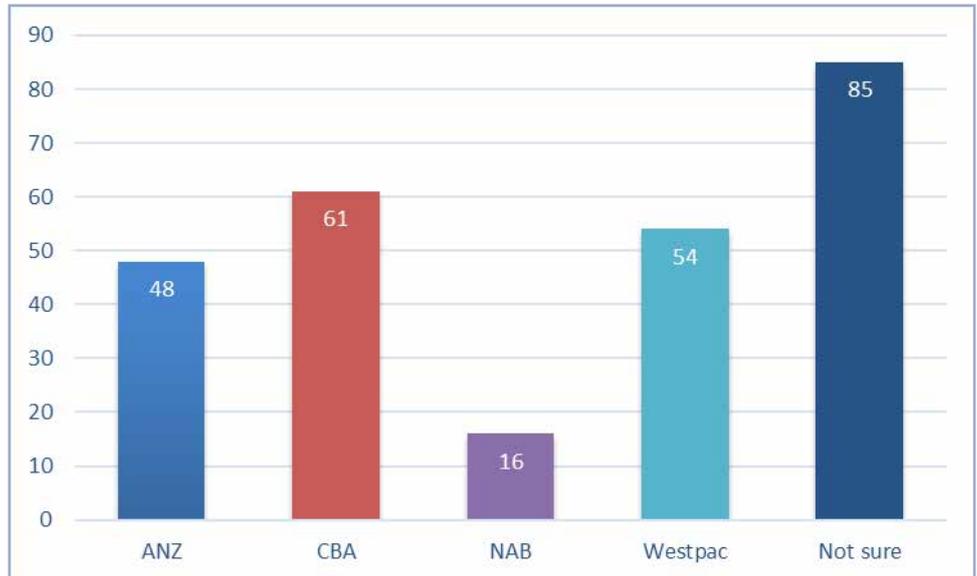


**Figure 3** Overall ranking of the 'Big Four' banks by financial counsellors in 2017 (using a scale of 1 – 10, where 1 is the lowest ranking) (n=268 for each bank)

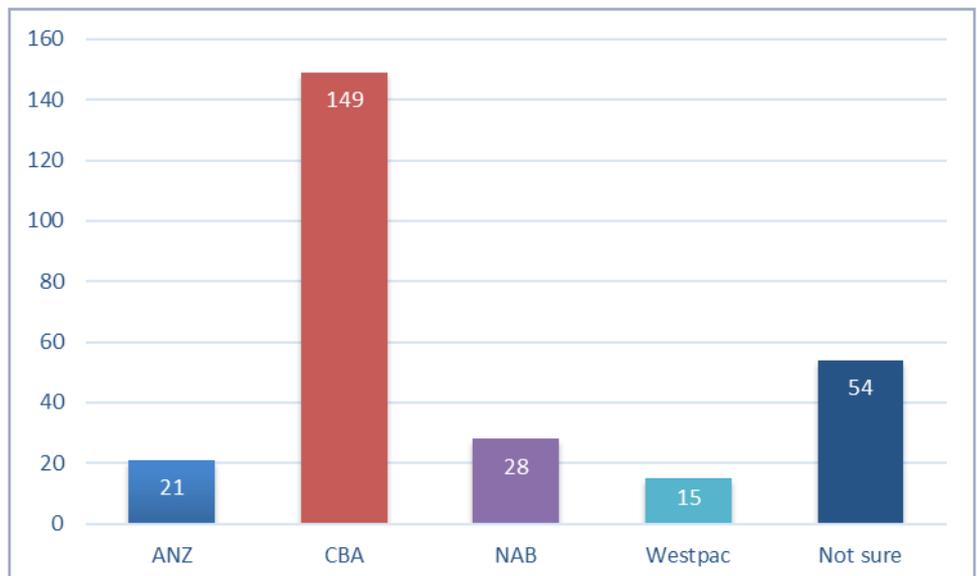
Financial counsellors were also asked which of the big four banks was the best performer, the lowest performer and the most improved in terms of customer hardship. CBA was seen as the best performing bank (Figure 4). Paradoxically, CBA was also viewed as the lowest performing bank (Figure 5). However, it is difficult to draw a strong conclusion from this question, as many people (85) were unsure which of the banks was the lowest performing and so did not make a choice. Overwhelmingly, the evidence suggests that CBA was the bank that has improved its hardship policies and practices most in the past six months (Figure 6).



**Figure 4** Which of the big four banks is the best performer when responding to customers experiencing financial hardship? (n=265)



**Figure 5** Which of the big four banks is the lowest performer when responding to customers in financial hardship? (n=264)



**Figure 6** Which of the big four banks has most improved its hardship policies and practices over the past 6 months? (n=267)

## 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.

Regarding subsequent contact, financial counsellors were asked 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: the ratings showed the same patterns.

All the ratings improved in 2017 compared to the 2015 survey. CBA was rated the highest for both the first contact and the subsequent contact, but the difference between all the banks was quite small (6% maximum difference).

Bank	First Contact % 'good' or 'very good'			Subsequent Contact % 'good' or 'very good'		
	2013	2015	2017	2013	2015	2017
ANZ	48%	56%	61%	50%	49%	54%
CBA	26%	39%	67%	25%	34%	60%
NAB	52%	59%	64%	51%	53%	58%
Westpac	37%	63%	62%	37%	58%	54%

**Table 1** Percentage of respondents saying the bank was 'good' or 'very good' when it came to first contact and subsequent contact in the 2013, 2015 and 2017 surveys

### 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 with regard to factors such as the empathy of the hardship team, if staff attitudes were helpful or unhelpful and whether customers were listened to. As shown in Table 2 below, in 2017 CBA was rated the highest. This was a vast improvement on the 2013 result where CBA received the lowest score for this question.

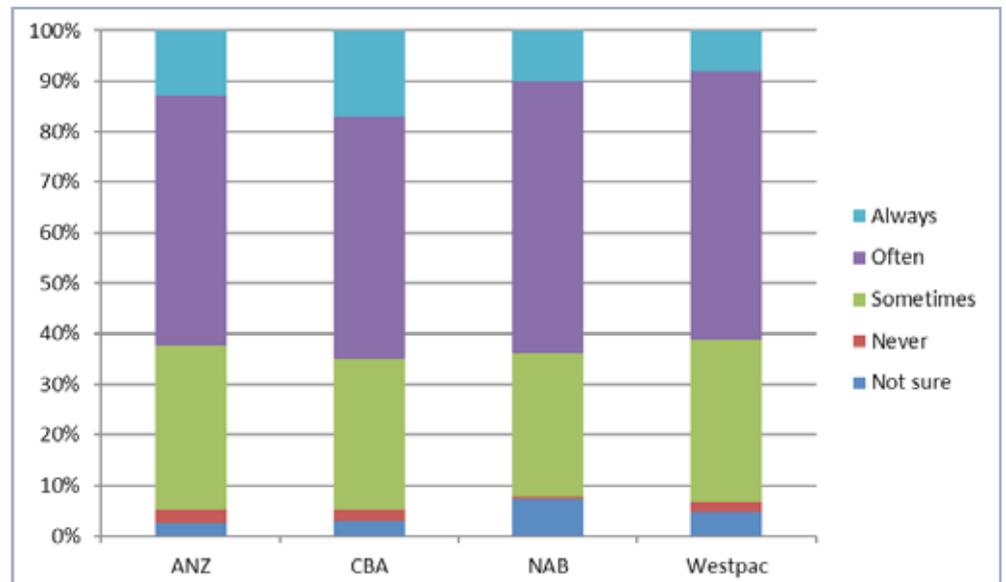
Each of the big four banks was also rated in terms of their attitude toward financial counsellors. These results were much higher overall than in relation to attitudes toward clients. The ratings were very similar for ANZ, CBA and NAB, whilst Westpac was slightly lower.

Bank	Toward Client % 'good' or 'very good'			Toward Financial Counsellors % 'good' or 'very good'		
	2013	2015	2017	2013	2015	2017
ANZ	47%	43%	59%	61%	63%	73%
CBA	24%	25%	62%	42%	45%	73%
NAB	46%	51%	59%	61%	67%	71%
Westpac	33%	58%	55%	51%	68%	68%

**Table 2** Percentage of respondents saying the bank was “good” or “very good” when it came to attitudes toward clients and toward financial counsellors for the 2013, 2015 and 2017 surveys.

### 2.2.3 Client outcomes

Financial counsellors were asked how often the 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. The results were very similar for all banks. The combined percentages for “often” and “always” for ANZ was 62%, CBA 65%, NAB 64% and Westpac 61%.



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

### 2.2.4 Unrecoverable debt

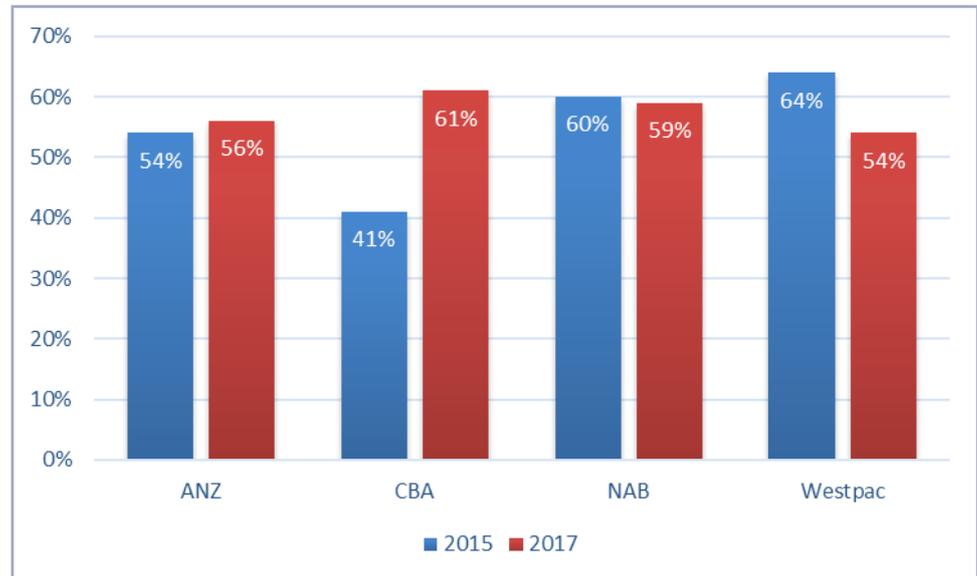
Some clients have unrecoverable debt – this is when clients are on low incomes and have no significant assets (and the situation is unlikely to change), and the client cannot make any payments without forgoing essential expenses such as food. Figure 8 shows the percentage of financial counsellors who said that a bank’s response to clients with unrecoverable debt was “good” or “very good” in the 2015 and 2017 surveys. The result for Westpac was slightly lower in 2017 than 2015. The other three banks all improved between 2015 and 2017, with the score for CBA increasing considerably (19% to 55%).



**Figure 8** Percentage of respondents rating responses by the big four to unrecoverable debt as “good” or “very good” in 2015 and 2017.

### 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 2015 and 2017. The results for NAB and ANZ were similar in 2015 and in 2017. The rating for Westpac fell considerably (64% in 2015 compared to 54% in 2017). CBA was greatly improved in 2017 (61%) compared to 2015 (41%).



**Figure 9** Percentage of respondents rating the big four banks as providing consistent outcomes “most of the time” or “all of the time” in 2015 and 2017.

### 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 between 12% and 19% of respondents answered “not sure”, presumably because they had no comparative experience to draw on. The overall results for the respondents who did answer the question are in Table 3 for both 2017 and 2015. They show that most financial counsellors believe that customers who self-advocate do “not often” get the same outcomes. The ratings were similar between surveys. CBA was the exception and results about this bank indicate self-advocating customers are doing better in 2017 compared to 2015.

% respondents in 2017 (compared to % in 2015)					
Bank	Never	Not often	Sometimes	Mostly	Always
ANZ	15% (18%)	39% (42%)	24% (28%)	8% (12%)	1% (0%)
CBA	14% (25%)	38% (47%)	26% (22%)	9% (6%)	1% (0%)
NAB	13% (25%)	36% (39%)	23% (35%)	8% (11%)	1% (0%)
Westpac	13% (13%)	42% (38%)	21% (15%)	9% (15%)	0% (0%)

**Table 3** Whether customers receive the same hardship options if they self-advocate (2017, 2015). (Highlighted boxes show the largest % for 2017)

### 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 clients with issues that had been escalated to FOS in the past six months. 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 except for Westpac, which remained static. NAB has the lowest instance of escalation to FOS. There was no difference in the scores for the other three banks.

% respondents in 2017 (compared to % in 2015)					
Bank	None (0%)	Less than 10%	10% to 30%	More than 30%	Unsure
ANZ	77% (67%)	16% (20%)	3% (4%)	1% (1%)	3% (6%)
CBA	77% (59%)	15% (25%)	4% (6%)	1% (2%)	3% (7%)
NAB	82% (73%)	12% (16%)	1% (3%)	0% (1%)	5% (7%)
Westpac	76% (76%)	17% (12%)	3% (3%)	1% (1%)	4% (8%)

**Table 4** Percentage of bank hardship clients escalated to FOS in the past six months in 2017 and 2015.

## 2.3 Qualitative comments

Financial counsellors were also given the opportunity to make qualitative comments about the big four banks. Please note that the vast majority of financial counsellors did not tell us which bank they were referring to in their comments (even though the survey question asked them to do so). Where a comment identifies a particular bank, this information will be shared with that bank.

Question	No of Responses
Why is this bank the best performer?	158
Why is this bank the lowest performer?	120
How has this bank improved?	96
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.	104

### Best performer

When asked why this was the best performing bank, the most frequent comment (from 29 financial counsellors) was that they were easy to deal with (i.e. friendly, courteous, helpful, polite). Twenty-six respondents also said they showed compassion, empathy and a good attitude. Other common responses were:

- they are understanding (23 comments);
- improved (21);
- they look for the best options for clients (18);
- responsive (15);
- good relationship (14); and
- communicate well (11).

### Worst performer

There were many reasons why financial counsellors chose a particular bank as the "worst performer". The most frequent comments were that they delivered poor outcomes for client (i.e. considered few options, were inflexible with their approach) (28 comments) and they were not responsive to the financial counsellor (26 comments). Other common responses were:

- inconsistent outcomes for clients and bad policy (18 comments);
- hardship team is difficult to work with (e.g. some are poorly trained) (16);
- no empathy and bad attitude (8); and
- hardship, moratoriums or waivers not granted when needed (8).

## Most improved

Financial counsellors were given the option of commenting on how the bank has improved. The most frequent comment was about bank response rates being much quicker now (24 comments). Other common responses were:

- general improvements (16 comments);
- more understanding of the client (e.g. compassionate, considerate, empathetic) (16);
- easy to work with (e.g. friendly, flexible, pleasant, helpful) (15);
- they take a client focused approach now to deliver outcomes (13);
- they listen (8); and
- they understand / have good policies around domestic violence (6).

## Other comments

A wide range of positive and negative comments was provided by financial counsellors to this question. Many of the comments were along the lines described above. Some financial counsellors compared each of the big four banks and made specific suggestions about how they could improve.

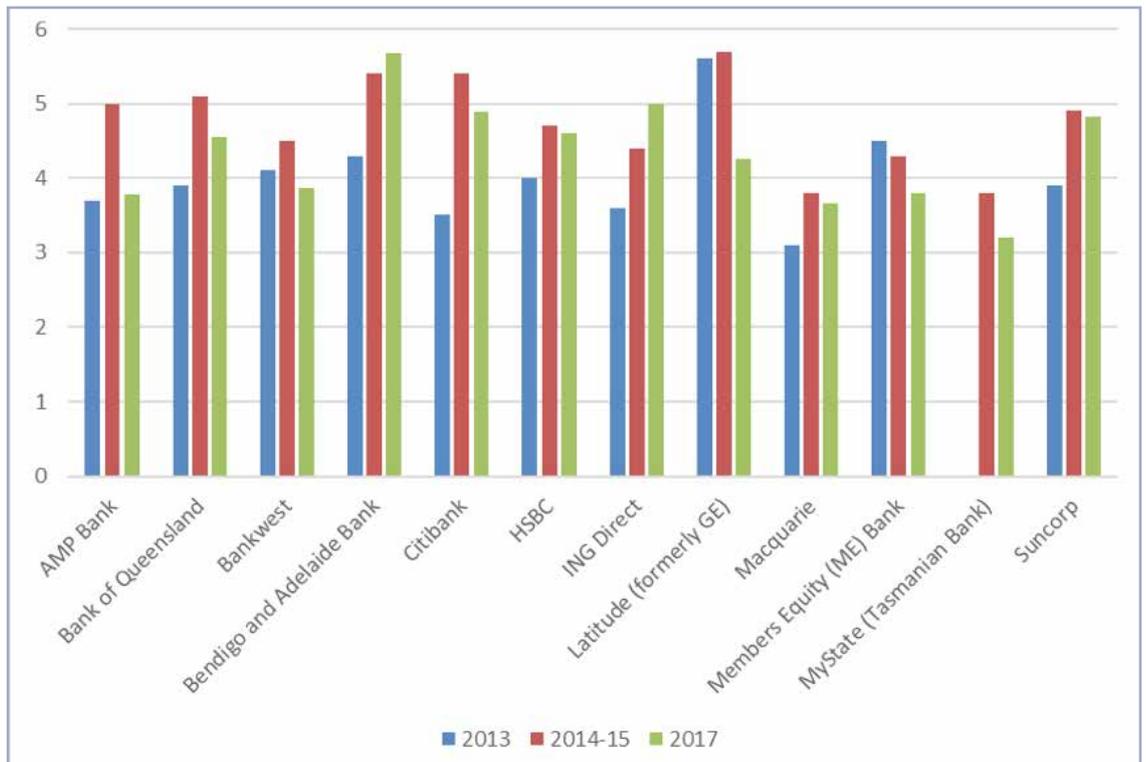
# 3

## Smaller banks

### 3.1 Ratings

In the previous surveys (2013 and 2015), financial counsellors were asked to consider Citibank and GE (now Latitude) separately. In the 2017 survey, they were asked to rank these banks together with the smaller banks. The results for banks that were included in the 2017 survey and the previous surveys are shown in Figure 10 below and Table 5 on the next page.

Bendigo and ING Direct were the only two banks that recorded higher ratings in 2017 compared to previous years. Suncorp essentially remained the same, whereas the ratings for all other smaller banks were lower in 2017 compared to previous surveys. The rating for Latitude showed a large drop from 5.7 in 2015 to 4.3 in 2017. The ratings for the smaller banks were also lower than for the 'big four' (see Figure 2 for a comparison).



**Figure 10** Overall ranking of the smaller banks by financial counsellors in 2013, 2015 and 2017 (using a scale of 1 – 10, where 1 is the lowest ranking). (Ratings for banks that were not rated in both 2015 or 2013 are shown in the table on the next page.)

Ratings in 2013, 2015 and 2017, # responses in 2017				
Bank	2013	2015	2017	# financial counsellors responding (2017)
AMP Bank	3.7	5.0	3.8	14
Bank of Queensland	3.9	5.1	4.6	47
Bank Australia	-	-	3.4	16
Bankwest	4.1	4.5	3.9	114
Bendigo & Adelaide	4.3	5.4	5.7	89
Citibank	3.5	5.4	4.9	171
Defence Bank	-	-	3.9	10
HSBC	4.0	4.7	4.6	104
IMB Bank	-	-	4.0	9
ING Direct	3.6	4.4	5.0	29
Latitude (formerly GE)	5.6	5.7	4.3	203
Macquarie	3.1	3.8	3.8	123
ME Bank	4.5	4.3	3.7	46
MyState	-	3.8	3.2	10
P & N Bank	-	-	4.2	18
Rabobank	-	-	3.8	12
Rural Bank	-	-	5.1	13
Suncorp	3.9	4.9	4.8	71
Teachers Mutual	-	-	4.0	19
Unibank	-	-	3.7	6

**Table 5** Comparative ratings (scale of 1 to 10, where 1 is the lowest and 10 the highest)

### 3.2 Qualitative comments

Financial counsellors were also given the opportunity to make qualitative comments about the smaller banks. The number of financial counsellors providing these comments is below. The vast majority of financial counsellors did not tell us which bank they were referring to in their comments (even though the survey question asked them to do so).

Question	No. of responses
How has this bank improved?	45
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.	112

## Most improved

Financial counsellors said the smaller banks had improved by:

- granting hardship, giving waivers and putting in place long term arrangements (8 comments);
- being more supportive, empathetic, understanding and compassionate to clients (8);
- they had generally improved (5); and
- they now listen, communicate better and follow up (5).

These were the four most frequent responses received for this question.

## Improve/keep doing

A wide range of suggestions for improvement were provided in response to this question. The issues are:

- poor hardship policies or hardship policies not used (16 comments);
- need to consider client's circumstances more and work with them to overcome the issue (16);
- the hardship teams are difficult to work with (e.g. they are unskilled, don't exist, or don't want to work with financial counsellors) (15);
- communication and listening skills are poor (14);
- overall poor performance and room for improvement (8); and
- poor response rates and slow to make decisions (8).

Three respondents commented that Latitude was less understanding of clients now (compared to when they were GE). And a few respondents said that the smaller banks could learn from the big four (3 comments).

# 4

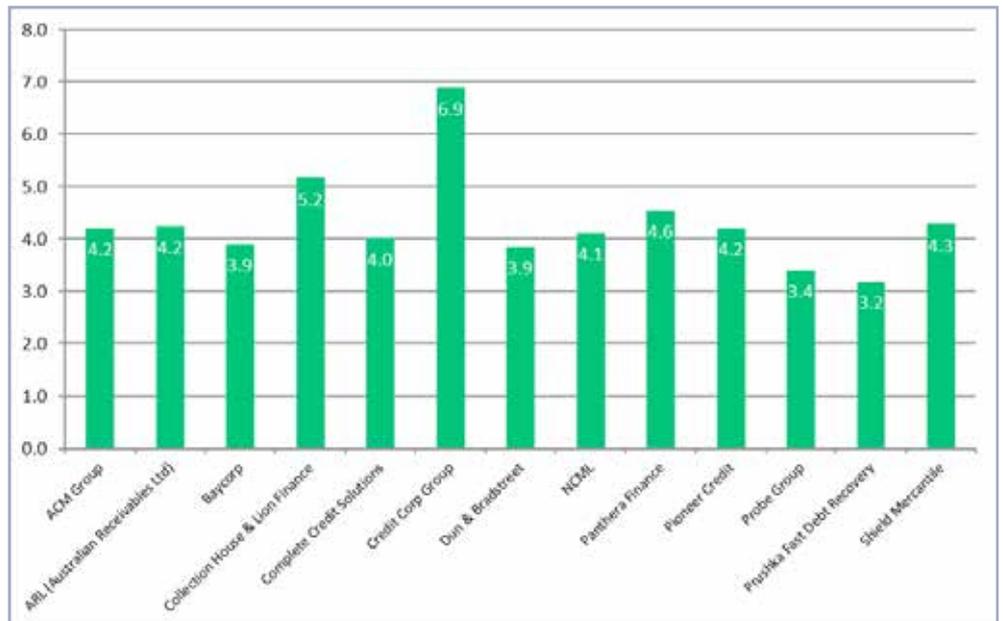
## Debt collectors

### 4.1 Ratings for debt collectors

Financial counsellors were also given the chance to rate debt collectors. This was the first time this question was included in the survey. It was included as it was a good opportunity to get some more rigorous feedback about an industry financial counsellors interact with frequently.

The term debt collector is a generic term. Some of the companies included in the survey are collecting debts they have purchased from originating creditors. The term debt collector is commonly used both in the community and by financial counsellors to refer to the industry as a whole.

Respondents were asked to only answer for a debt collector if they had an interaction with them in the past six months. The results are shown in Figure 11 below. Credit Corp Group scored the highest rating (6.9) while the lowest ratings were for Probe Group (3.4) and Prushka Fast Debt Recovery (3.2). It is important to note however that some of the sample sizes are relatively small and this needs to be kept in mind in interpreting these results. This data is included in Table 6 on the next page.



**Figure 11** Overall ranking of the debt collectors by financial counsellors in 2017 (using a scale of 1 – 10, where 1 is the lowest ranking)

Debt Collector	Rating	# financial counsellors responding
ACM Group	4.2	118
ARL	4.2	139
Baycorp	3.9	182
Collection House & Lion Finance	5.2	193
Complete Credit Solutions	4.0	48
Credit Corp Group	6.9	204
Dun & Bradstreet	3.9	171
NCML	4.1	52
Panthera Finance	4.6	193
Pioneer Credit	4.2	136
Probe Group	3.4	97
Prushka Fast Debt Recovery	3.2	32
Shield Mercantile	4.3	73

**Table 6** Ratings for each debt collector (scale of 1 to 10, where 1 is the lowest and 10 the highest) including the number of respondents

### 4.3 Qualitative comments

Financial counsellors were also given the opportunity to make qualitative comments about debt collectors. The number of financial counsellors responding is below. Some comments were quite general while others related directly to one particular debt collector.

Question	No. of responses
Do you have any comments about the debt collection industry or a specific debt collector? (Please identify the debt collector so we can pass this on.)	101

#### Debt collection industry

Most of the comments provided were negative. The top four issues were:

- they don't offer workable solutions to clients, including not taking their circumstances into account (25 comments);
- poor communication (17);
- aggressive, rude and intimidating towards clients (16); and
- they are difficult to deal with (11).

The most frequent positive comments were:

- they have generally improved (11);
- they are easy to work with (9); and
- some staff are particularly helpful (7).

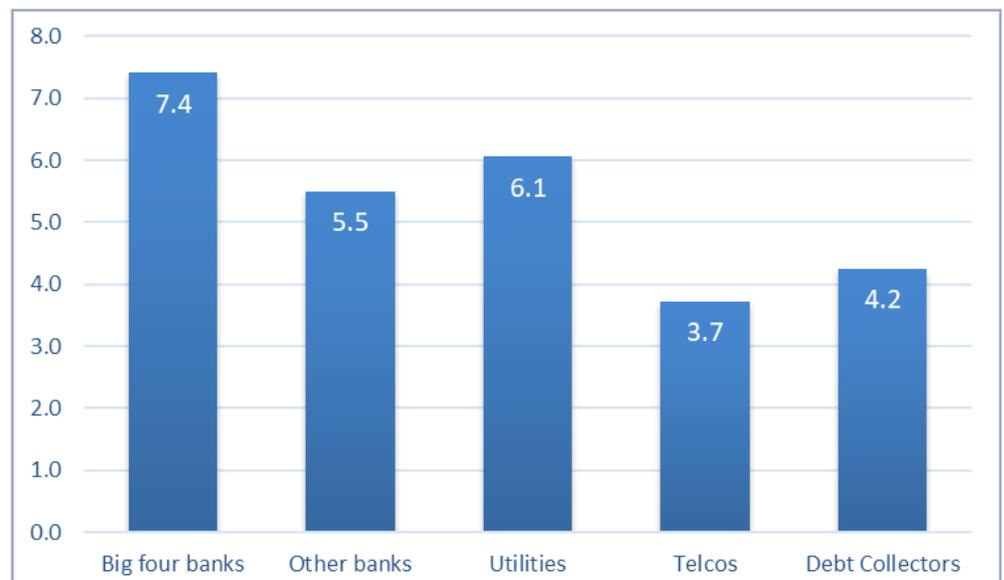
# 5 Comparing different industries

“Telcos need to lift their game and look to the utility companies as an example of hardship and how to turn a customer around in terms of payments.”

## 5.1 Overall ratings

Financial counsellors were also asked how they would rank industry hardship practices in general. Again, this question was not in previous surveys. This question was included to put the bank results in a broader context and to give other industries some initial feedback about how they are seen.

The results are shown in Figure 12 below. The big four banks had the highest ratings (7.4), followed by utilities, the smaller banks and debt collectors. The lowest rating was for the telecommunication industry.



**Figure 12** Overall ranking of industry hardship practices by financial counsellors in 2017 (using a scale of 1 – 10, where 1 is the lowest ranking)

## 5.2 Qualitative comments

Again, most of the comments were negative and varied, so it was difficult to thematically analyze this data.

- The comments supported the quantitative data shown in Figure 12, with respect to the big four banks having the highest rating, followed by the utilities.
- Some respondents said it was difficult to generalise about the industries, as the performance of individual companies varies a lot.
- One respondent thought that a national 'Rank the Telcos' survey would be useful.

It is encouraging to see the increase in ratings for the big four banks between the three surveys (2013, 2015 and 2017). The ratings for all four banks were similar in this survey. However, we urge each of the big four banks not to become complacent, but instead continue to improve. There is always a better way.

Too often we have seen one institution do well for a few years, but then drop back. It would be tragic if this were to occur here as the impact on people's lives would be devastating. The experience of financial hardship is incredibly difficult—if you want to pay your debts, but can't, who do you turn to? We trust that the big four banks will continue to do the right thing.

There is still much more work ahead for the smaller banks if they are to lift their ratings to the same levels as the big four. We made similar comments in both the 2013 and 2015 surveys about the smaller banks and it is worrying that there has not been any movement. It is hard to know what the reason might be as the smaller banks responded constructively to the 2013 and 2015 surveys and undertook to make changes.

One possibility is that senior management support for change is ultimately lacking, or that with smaller staff numbers, staff turnover means that corporate memory is lost. One of the most important things the smaller banks can do is to remember to treat their customers with respect and empathy. This fundamental point must be at the heart of an effective hardship policy. What the lessons from the big four banks tell us is that it is not only the right thing to do, but this approach leads to better commercial outcomes.

The inclusion in this survey of a ranking question about debt collectors also gives us an insight for the first time into this industry. As with the smaller banks, there is much work to do. Some parts of the debt collection industry are genuinely trying to change their approach, but the survey results suggest this is patchy. The financial counselling sector looks forward to engaging with the industry, through the peak body, the Australian Collectors and Debt Buyers Association, and with individual debt collectors to explore the survey results in more depth.

Finally, the survey also provides a very useful insight into comparative hardship practices. While it may surprise some people in the community, the banking industry is doing comparatively well overall in assisting customers in financial hardship. The industry that financial counsellors highlight as needing the most improvement is telecommunications. This was also articulated in a 2017 report from our Victorian colleagues, the Financial and Consumer Rights Council. The FCRC report, "Rank the Telco", asked Victorian financial counsellors to do exactly that. The low results in that survey have been replicated in the national survey.

# Appendix 1: Survey instrument

## Welcome to Rank the Bank Survey 2017

Please tell us about how Australia's banks 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, but there are also some questions about the smaller banks.

(We've also snuck in one question at the end (only one), about debt collectors, because it would be really good to hear what you think.)

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@financialcounselingaustralia.org.au](mailto:info@financialcounselingaustralia.org.au)