

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS (FOURTH REPORT)

Westpac Banking Corporation

WBC08QON: Page 68

CHAIR: How would you say you get better outcomes from simplification of regulation for people who are in vulnerable situations? I think most Australians would say that it's actually about taking their complaints seriously rather than trying to find pathways to extend, delay or use the power-information imbalance against their interests.

Mr Hartzler: I guess I should probably reflect a bit more on that and give you a better answer later. Quickly, though, what I would say is that often the regulations tend to be very explicit about the steps that one needs to go through. That can create a false level of confidence among operating-level people about what they should do—'If I do these things I'm okay.'

Answer: The law governing financial services entities and their conduct is highly complex. Westpac encourages and supports efforts to simplify and rationalise the regulatory regime. The proliferation of laws, their complexity and sometimes their ambiguity can cause difficulties in designing and implementing systems and processes that manage conduct risk and ensure compliance, and can also cause difficulties for regulators in seeking to enforce those laws.

Care would need to be exercised to ensure that any simplification of the regulatory regime would not, at the same time, materially increase the regulatory burden on industry participants of transitioning into a new regime, reduce certainty or reduce effective regulatory coverage and protection for consumers. In that regard, Westpac supports a phased approach to simplification which involves substantial regulator, community and industry participant input.

With respect to vulnerable customers, our experience is that each vulnerable customer has unique circumstances. That often requires us to take a case-by-case approach. Prescriptive requirements in legislation can sometimes make that difficult. The new Banking Code

of Practice has commitments to vulnerable customers and we are taking steps to ensure we understand and respect the needs of vulnerable customers.

Westpac has developed a 2020 Vulnerable Customer Action Plan which is framed around: helping people with their individual needs – such as providing further training and guidance for our employees to help customers experiencing specific forms of vulnerability; helping people sooner to avoid the toughest times – such as training our people to recognise signs of vulnerable circumstances and to take practical steps to help; and providing extra help when it matters most – such as supporting our most vulnerable customers with specialist teams with the right skills.