

PARLIAMENTARY JOINT COMMITTEE ON CORPORATIONS AND FINANCIAL SERVICES

INQUIRY INTO FINANCIAL SERVICES REGULATORY FRAMEWORK IN RELATION TO FINANCIAL ABUSE

ANZ

1. What specific policies, systems, processes or other safeguards does your business have in place to identify, respond to and report suspected financial abuse occurring to your customers?

Answer:

ANZ has several processes to identify, respond to and report financial abuse. These are consistent with our Customer Vulnerability Strategy, under which we aim to recognise and respond to customers who need extra care (including victim-survivors of abuse) and support customers to gain or maintain their financial wellbeing.

Our processes to identify abuse include the following:

- Our frontline bankers and ANZ Plus Coaches are trained to identify signs of domestic and family violence and financial abuse **in-person, chat or phone interactions** with customers.
- Our **lending application processes**. When prospective borrowers apply for a joint loan, our lenders and brokers assess whether all borrowers will receive a substantial benefit from the loan. Our Home Loan Interview Guide for ANZ Classic home loans includes a check that no co-borrower is experiencing financial abuse. We also have processes to ensure prospective guarantors understand their obligations and to check they have not been placed under undue pressure to enter the guarantee and are not subject to abuse.
- **Analysis of our payment transaction data**. We use data analytics to identify potentially abusive transactions that are not otherwise blocked by our payment channels. This involves the use of a dynamic algorithm to identify indicators of abuse by considering factors such as the size of transaction values, patterns of behaviour and the content of payment descriptions. We are also piloting the use of data analytics to help identify abuse by a person holding a power of attorney.
- Our **hardship processes**. Our hardship teams may identify, based on information provided by a customer, that the customer is or has been a victim-survivor of abuse.
- Our **complaint channels**. Customers may let us know they are a victim-survivor of abuse when raising a complaint, for example when disputing liability for a debt or seeking to repair an adverse credit rating.
- Through **fraud and scam** detection mechanisms, our teams may identify victims of fraud and scams who may be experiencing vulnerability and/or may also be a victim-survivor of abuse.

When we identify financial abuse, we take steps to provide appropriate support for victim-survivor customers, handle interactions with perpetrators, and, where appropriate, refer matters to law enforcement, AUSTRAC, adult safeguarding agencies

and/or other external charitable support services. Depending on the circumstances and how we identify the abuse, matters can be dealt with by frontline staff, complaints teams or specialist teams.

We have a specialist **Extra Care Hub** team that provides guidance to our frontline staff on matters relating to customer vulnerability (including customers experiencing financial abuse), and ongoing case management for more complex or sensitive matters.

Our **Customer Connect** (hardship) team includes a specialist team to support customers in financial difficulty that are subject to family and domestic violence and/or financial abuse. Customer Connect also manages interactions with financial counsellors/customer representatives.

Our **Customer Advocate** office is also available to provide guidance to staff in relation to some financial abuse matters.

The support we provide victim-survivors can include:

- flexible hardship arrangements for victim-survivors in financial difficulty
- opening a new account that may assist a victim-survivor leave a harmful relationship
- measures to help keep a victim-survivor's address and other personal information secure from an abusive party
- assisting a victim-survivor to repair their credit rating where appropriate
- referrals to community organisations for support, which can include psychological and financial counselling, housing and social worker support, and advice on emergency payments including the Government's Escaping Family Violence payment scheme.

To support victim-survivors within the community, we have provided funding to Uniting's CareRing program to assist those in need of financial assistance to escape domestic violence or who have recently left a harmful relationship, and to the Fitted for Work program to assist unemployed female-identifying customers improve their employment prospects with a focus on improving their financial wellbeing.

We also provide financial education to individuals impacted by family violence through our MoneyMinded program (delivered in partnership with Berry Street), and work with DV Safe Phone to facilitate mobile phone donations for victim-survivors.

We report abuse to enforcement agencies when we suspect there may be criminal activity, including by making suspicious matter reports to AUSTRAC relating to abusive transaction messages and reporting directly to police when we become aware of a threat of imminent harm.

We also report concerns to statutory adult safeguarding agencies in States and Territories where we are concerned about financial abuse and are unable to engage with the customer, for example due to issues relating to cognitive capacity.

2. What is the extent of suspected financial abuse identified by any such measures in place?

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3. What is the impact of the shift of financial products to online platforms on the prevalence of, and ability of your business to identify, respond to and report, suspected financial abuse?

Answer:

The shift from of financial products to online platforms has been happening over many years. Internet banking was introduced in Australia in the 1990s, and digital banking has co-existed with physical banking since then.

In that time, customers have increasingly chosen to bank online. In the 2023 financial year, over 99 per cent of all banking transactions occurred digitally. Between the 2019 and 2023 financial years, branch transactions have decreased 47 per cent, while online and app transactions increased 39 per cent [*Bank On It: Customer Trends 2024*, Australian Banking Association, June 2024].

Data on the prevalence of financial abuse has started being collected relatively recently. The Australian Bureau of Statistics first collected information on economic abuse in its Personal Safety Survey (first conducted in 2005) in the 2021-2022 financial year. Our data collection on financial abuse has improved in the past 18 months following the establishment of our Extra Care Hub. With

useful data on financial abuse only going back a limited time, the correlative and causative intersection between the shift of online platforms and the extent of financial abuse within the community is, as yet, statistically unclear based on the data we have reviewed.

We are, however, mindful that as digital banking provides more autonomy to customers to make payments and conduct transactions, this may then translate into more opportunities to harm others economically.

However, the shift of financial products to online platforms has also had some effects on the way we identify financial abuse. Less reliance is now placed on in-person interactions with staff, though this remains a key way in which we identify abuse.

Together with situations where we talk to our customers on the phone, for example when hearing their complaints, we can now use other means to identify abuse, including identification through digital interactions and analysis of data. We have digital communications channels available to customers which may provide customers subject to financial abuse with another way to reach out for assistance.

The identification of abuse through data analysis is an opportunity that has been facilitated by digital banking, which provides comprehensive data sources. As noted above, we have processes in place to identify abuse using data. For example, we analyse transaction data to identify abuse in payment transaction descriptions, and have a pilot under way to analyse transaction data to identify power of attorney abuse.

We have begun to incorporate, and are further investigating, the use of automated data analysis and machine learning in our processes for identifying impacted customers. These enable the 'real-time' review of large volumes of data, and have the potential to be used to identify signs of increased risk.

When we identify abuse, we take the same approaches to responding to and reporting financial abuse whether it has been identified by digital banking or physical banking.