

Monday, 9 September 2024

Committee Secretary
Parliamentary Joint Committee on Corporations and Financial Services
PO Box 6100
Parliament House
CANBERRA ACT 2600

By email: corporations.joint@aph.gov.au

Dear Committee Secretary

**Parliamentary Joint Committee on Corporations and Financial Services (the Committee)
Inquiry into the Financial Services Regulatory Framework in Relation to Financial Abuse**

Bank of Queensland Limited (**BOQ**) welcomes the opportunity to respond to the Committee's questions regarding the Financial Services Regulatory Framework in Relation to Financial Abuse.

BOQ's Customers

BOQ Group is one of Australia's leading mid-tier banks. We have been a fixture of the local communities we serve for 150 years and take our responsibility to support customers experiencing vulnerability, seriously.

Customers are at the heart of BOQ's businesses and central to our decision making. This is reflected in BOQ's purpose of 'Building social capital through banking' and is underpinned by our Values of *Spirited, Optimistic, Curious, Inclusive, Accountable and Lionhearted*. With a focus on delivering positive long term and sustainable outcomes for our customers, people, shareholders, and the communities in which we operate, BOQ strives to deliver our Vision to '*Be the bank customers choose*'.

We recognise that financial abuse is a complex and devastating issue that affects a significant number of Australians and, in our experience, is often compounded by other intersecting vulnerabilities such as disability, mental health issues, or socio-economic disadvantage. The impact of financial abuse extends far beyond financial loss; it can also erode the dignity and wellbeing of victims, creating lasting emotional and psychological harm.

BOQ has implemented a range of policies, systems, and processes designed to identify, respond to, and report suspected financial abuse which are outlined in our responses in Annexure A to this letter.

Legislative and Regulatory Frameworks

BOQ operates under comprehensive Australian legislative and regulatory frameworks that cover almost every aspect of our operations. These frameworks exist to ensure robust consumer protections and maintain strong consumer confidence in the Australian economy. Additionally, they set the standards that banks must adhere to, particularly in providing extra care to customers facing vulnerability, including those experiencing financial abuse.

While these obligations serve important purposes, they sometimes can introduce unintended consequences and complexities when seeking to support customers experiencing financial abuse. For instance, certain regulatory requirements may limit a bank's ability to report suspected cases of financial abuse to the appropriate authorities or fully assist a victim-survivor, especially in the case of new lending origination, legally appointed attorneys and joint account structures.

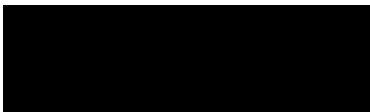
These challenges have been addressed in the submissions and responses provided by our peers across the banking sector, as well as by the Australian Banking Association (**ABA**), of which we are a member. We do not intend to further explore those issues in this response.

BOQ contributed to and endorses the ABA's submission to the Committee and recommendations. If adopted, these recommendations would greatly improve our ability to support customers experiencing financial abuse.

BOQ is committed to help end financial abuse. We recognise that Domestic and Family Violence is an issue that affects the entire community, including our people, and we believe that every organisation has a role to play in addressing it. We have put in place various measures to support our customers, and we recognise that there is more to be done collectively to further reduce harm.

BOQ welcomes recommendations from the Committee on how we, our industry and our regulators can continue to improve outcomes in this regard.

Yours sincerely,



Ben Griffin
Customer Advocate
Bank of Queensland Limited

Annexure A

In relation to the questions posed by the Committee to BOQ, we provide the following responses.

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?**

Identification of financial abuse at BOQ

BOQ identifies and seeks to prevent cases of potential financial abuse through:

- **Detection by Frontline Employees:** Observation and intervention by frontline employees, conducted on a case-by-case basis across our customer interactions, including the origination of lending and transactional banking facilities. To support this effort, all employees undergo training to educate them on recognising signs of potential financial abuse and responding appropriately to customers who may be affected by, or currently experiencing, such abuse.
- **Transaction Monitoring:** Our Customer Advocate Office receives a weekly report of outbound payment transfers identified by our systems as containing potentially abusive, threatening, harmful or inappropriate language that violates our terms and conditions. Perpetrators are identified through this process and are issued warning letters or exited from the bank, depending on the nature of the conduct. BOQ customers identified through this process as receiving these abusive messages are contacted and offered appropriate support including referrals to external support services and offered options such as establishing new bank accounts.

Further, our card and transaction controls that allow us to apply transaction limits or prevent withdraws (no debits allowed), as well as the Visa card scheme rules (including restricting transactions where the card is not present, or transactions for gambling, cash withdrawals, e-commerce) provide an additional layer of control and security against unauthorised account use.

- **Safety by design:** Safety by design helps ensure that our products, services, and digital solutions are developed in such a way that minimises the risk of them being used as a vehicle for abuse.

During the design and periodic review of our products and services, we include specific guardrails and prompts to ensure that customer safety is adequately considered and addressed. Our Customer Advocate is actively engaged in this process as a mandatory review stakeholder, providing input to identify and mitigate potential risk to our customers.

- **Customer Advocate Office (CAO) Support:** The CAO is staffed by highly skilled and experienced professionals with a range of experience including in community services, financial counselling and banking. The CAO operates independently within BOQ with a mandate within its charter to support fair customer outcomes with a focus on customers experiencing vulnerability.

The CAO assists practically by offering tailored support to frontline employees dealing with complex cases of financial abuse including, where appropriate, referrals to law enforcement, AUSTRAC and adult safeguarding agencies. This specialised support helps employees navigate sensitive situations effectively and ensures that appropriate actions are taken to safeguard and support customers.

Multi-faceted by design, our Customer Advocate, reporting directly to BOQ's Managing Director and Chief Executive Officer, uses the real-life experiences of our customers along with the insights derived from a regular and wide-ranging annual cadence of

community and industry engagement, to raise the profile of customers experiencing vulnerability and advocate for ongoing improvements to BOQ's support for customers experiencing financial abuse.

- **Complaint Escalations:** BOQ has established a structured escalation process for employees handling complaints. This process includes specific provisions for cases where employees suspect financial abuse or identify signs of vulnerability among customers. By promptly escalating such cases, BOQ aims to address potential issues early and provide necessary support and protection to customers experiencing vulnerability.
- **Policies and Procedures:** We have a centralised vulnerability hub available to all employees, which serves as a one-stop resource for guidelines, procedures, policy updates, and referral information. This hub ensures that our staff are equipped with the knowledge and tools needed to support customers experiencing financial abuse effectively.
- **Hardship:** Our Financial Difficulty Assistance Policy is regularly updated to reflect the latest internal learnings and business practices. Additionally, we have consolidated our complaints policies into a single Complaint Management Policy that includes specific sections on vulnerability, inclusivity, and accessibility.
- **Financial Crimes:** We report instances of suspected financial abuse through Unusual Activity Reports (UAR) to AUSTRAC, playing our part in the broader effort to combat financial crime and ensure regulatory compliance.

BOQ's response to financial abuse

Our approach to financial abuse is informed by the lived experience of victim survivors and involves both preventative measures and responsive actions, ensuring that we provide comprehensive support to our customers.

To further support customers who may be experiencing financial abuse, we have implemented several measures to limit or prevent further possible harm:

- **Banking Restrictions:** When financial abuse is identified, particularly in cases involving authorised representatives or legal guardians, we take immediate steps to restrict banking access. This helps prevent further exploitation and allows victims to regain control of their finances. We also assist in establishing new bank accounts and profiles, complete with secure internet banking access, to help victims manage their money independently.
- **Terms and Conditions Updates:** We have updated our Terms and Conditions to include provisions for closing accounts without notice if a customer is found to be sending abusive or threatening payment descriptions. We may also restrict other banking services in such cases, ensuring that our banking environment remains safe for all customers.
- **Educational Resources:** We offer a guide titled '*Protecting your money as you get older*', developed by our Customer Advocate and available in all our branches. This guide provides essential information on how customers can protect themselves from financial abuse as they age.
- **Interpreter services:** In 2021 we partnered with Language Loop to offer telephone interpretation services in 190 languages, including First Nations languages. Since then we have seen an increase in the usage of those services. We have tailored customer

access to information via our website(s), complaint guides, customer contact centre and branches. The introduction of Language Loop complements our long-standing relationship with the National Relay Service, for customers requiring hearing or speech assistance.

- **Personalised Solutions:** Recognising intersectionality, and that each situation is unique, we offer tailored solutions to customers experiencing financial abuse. These may include flexible options such as informal and formal overdrafts, credits for emergency accommodation, or referrals to relevant support services within the customer's local community.

Other safeguards for financial abuse

Engaging with the community: Our Customer Advocate engages regularly with communities, organisations, and industry to learn about the issues that are impacting our customers with a particular focus on people experiencing vulnerability. These engagements are conducted as part of an annual cadence as well as in response to emerging issues and invitations to engage from consumer advocates.

The experiences of our customers subjected to financial abuse, and the tactics employed by perpetrators, can vary greatly depending on where they live. Throughout 2023 and 2024, our Customer Advocate travelled to and took part in on-country roundtables across rural and remote parts of Australia to gain a better understanding of the challenges of customers who live outside of metropolitan centres. This work saw BOQ's participation in outreach sessions across remote parts of Australia, learning about issues impacting customers, including digital exclusion, with a particular focus on financial abuse.

Our Customer Advocate is also actively involved in and connected with other community and industry forums, including the ABA's Consumer Outcomes Group, of which BOQ is one of seven member banks, as well as state and national financial counselling conferences.

Ongoing review: BOQ has in place reporting and evaluation methods to test the effectiveness of its improvements. Notably, BOQ engages in annual and bi-annual reviews of its policies and procedures.

BOQ regularly reviews policies and procedures in the vulnerability hub, and overlays this with frontline team member feedback, insights derived from complaints and inputs from our engagement with community including victim-survivors to identify opportunities to uplift different areas of training and resources.

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

Extent of identified financial abuse

During the 2022 and 2023 calendar years, the CAO supported 698 matters involving customers experiencing vulnerability, with 228 of these cases specifically related to confirmed financial abuse (this includes elder abuse, and domestic/family violence). This represents a significant increase from previous years and reflects our ongoing efforts to improve the identification and support of customers experiencing vulnerability.

We attribute the increase in employees seeking support from the CAO to the development of our extra care customer support measures, which have enhanced our employees' ability to identify and assist customers experiencing financial abuse and vulnerability more broadly, noting the many intersections that often exist.

Heightened employee awareness and improved detection capabilities regarding financial abuse have been realised from the concerted efforts of our Customer Advocate to raise the profile of this issue and the range of supports available to our customers. This, in turn, has led to better outcomes for customers affected, and is reflected in the data we capture today.

Quantifying the extent of financial abuse perpetrated against our customers by the number of cases opened within the CAO is a challenging endeavour and insufficient in isolation. The complexities are further compounded by the subtle indicators of potential financial abuse, which, on their own, do not necessarily establish that abuse is occurring.

Based on these observations, our hypothesis is that financial abuse, to varying extents, is being perpetrated on a larger scale than what our current data suggests. While we seek to improve our detection mechanisms and data capture, we acknowledge that the existing methods may not fully reflect the true extent of the issue.

In recent years we have observed a greater propensity for our customers to proactively disclose their vulnerability to us; however, this is generally not the case for customers experiencing financial abuse.

Our experience shows that customers actively experiencing financial abuse and/or coercive control have often developed highly effective protective strategies to keep themselves safe from their abusers. This, troublingly, often results in victim survivors presenting themselves to the bank in a 'nothing to see here' manner, making detection and intervention difficult.

We acknowledge that there remains an opportunity to develop more reliable detection and data collection mechanisms for financial abuse. We welcome the Committee's recommendations in this regard and acknowledge the need for a 'whole of community' approach to this issue, inclusive of regulatory reform – harmonisation of, and a national register for, power of attorney arrangements, for example.

Extent of suspected financial abuse generally

BOQ is a diverse organisation catering to the needs of various customer demographics.

The size, scale, and diversity of our business offers us a unique and well understood (yet troubling) insight into both the reality and nature of financial abuse. To the extent that it is helpful to the Committee, we are aware of the following forms of financial abuse:

- | | |
|---|---|
| <ul style="list-style-type: none">• Perpetrators weaponising our products, services, and technology to facilitate financial abuse and/or coercive control. | <ul style="list-style-type: none">• Perpetrators controlling funds, preventing the victim from paying for essential needs like food, fuel, living expenses, healthcare, heating and cooling. |
| <ul style="list-style-type: none">• Victim survivors calling the bank under duress, requesting account maintenance or alteration of account authorities while being coached and controlled to avoid detection of financial abuse. | <ul style="list-style-type: none">• Third-party abuse by strangers, particularly targeting older customers, those with diminished decision-making capacity, low literacy levels, or newly arrived migrants. |
| <ul style="list-style-type: none">• Victim survivors disclosing coercion or pressure to take out credit facilities leading to debts from which they did not substantially benefit. | <ul style="list-style-type: none">• Misuse of General or Enduring Powers of Attorney by individuals acting against our customer's best interests. |

- Situations involving Authorised Signatories on accounts, particularly where a parent or guardian acts on a child's account, often in the case of lump sum payments, trusts, or inheritances.
- Third-party abuse and coercive control by friends and family members especially where the customer has impaired decision-making capacity or is vulnerable due to their age or circumstances – being reliant on the perpetrator for example.
- Elder abuse, in all its forms, and the advent of 'inheritance impatience', which BOQ considers can be a form of theft.
- Legally appointed decision-makers exploiting customers' diminished capacity for financial and sometimes physical abuse.
- Perpetrators fraudulently applying for credit using the victim survivor's personal information to sabotage their credit report or obtain credit to which they are not entitled.
- Perpetrators employing tactics including aggression, manipulation, and dishonesty when interacting with our staff seeking to intervene in a case of suspected financial abuse which poses significant psychosocial risk to our people.
- Victim survivors seeking assistance to protect joint funds during separation or after escaping a violent relationship.
- Perpetrators refusing to pay loans they are obligated to, leading to hardship assistance requests from the victim survivor.
- Deliberate sabotage of a victim survivor's credit report by a perpetrator refusing to pay joint loans or manipulating payment timings resulting in a default.
- Victim survivors who, out of fear for their safety, are forced to go to great lengths to hide the control and abuse they are experiencing from the bank, their friends and family.
- Victim survivors who either disclose or acknowledge financial abuse concerns to the bank, but in fear of their safety explicitly ask that the bank take no action.
- Circumstances that involve a perpetrator who owns a small business, for example, that employs their spouse and misuses complex business structures and account facilities to perpetrate financial abuse.
- Perpetrators using payment transfer descriptions as a method of abuse, rather than for the intended purpose of transferring funds.

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?

Responding to our customers change in preferences

The shift of financial products and services to online platforms has significantly transformed how we engage with our customers. In recent years, we've observed a growing trend among customers for digital banking over traditional face-to-face interactions. Simultaneously, our understanding of customer vulnerability has deepened, allowing us to intervene earlier and with more effective support measures.

At BOQ, we are amid a multi-year transformation program aimed at responding to this shift in preference. Reshaping our culture to prioritise customer-first approaches, enhance customer experience, and increase agility across the bank. This cultural shift is essential in reducing complexity and serving our customers in the speed and manner they expect from us.

Putting our technology to work to better serve and protect customers

The uptake of digital, smart phone based, banking has heightened our awareness of new methods through which financial abuse can occur, particularly in the realm of technologically assisted abuse. Recognising this, we have placed a strong emphasis on safety by design, ensuring that our products, services, and digital solutions are developed in a way that minimises the risk of misuse as a vehicle for abuse.

A key enabler in our ability to identify, respond to, and report suspected financial abuse in this digitally led environment is the significant improvement in technology provided by our new cloud-based core banking platform. This platform offers advanced capabilities, including far more effective real-time transaction monitoring, biometric verification and advanced behavioural analytics. These technological advancements provide us with a unique platform to explore the development of more effective detection models for financial abuse and allows us to respond more efficiently.

Staying vigilant to the evolving ways in which our customers interact with us, and how perpetrators might exploit our technology to facilitate abuse, remains a high priority. We achieve this through continuous monitoring of our systems and customer behaviours, as well as leveraging insights from industry peers, regulators, and the community.