



Speech by Anna Bligh

Sydney Launch of the Australian Financial Complaints Authority (AFCA)

15 November 2018

Good morning, thank you for the invitation to be here for this very important launch.

Acknowledgements.

Understatement to say that 2018 has been a very big year for banks, financial services and everyone associated with the sector.

Against the backdrop of a Royal Commission, unprecedented political scrutiny, intense public dissatisfaction and relentless change and reform, there is something very fitting about ending the year with the launch of a new and important body dedicated to enforcing the rights of consumers.

In this context I want to make three points.

Firstly, the way that customer complaints are managed, both inside and outside of organisations, is deeply grounded in conduct and culture.

When companies make decisions about the resources they invest in resolving disputes they are making a judgement and a statement about how they see and value their customers. It's a statement that articulates culture and drives conduct. And it's a statement that resonates inside and outside the company.

When complaint management functions are under-resourced and relegated to junior staff, everyone understands the message - complaints, and those who make them, don't matter to this company.

Similarly, outside the company, customers who experience poor service and make a complaint which is ignored, prolonged or denied get the message loud and clear. Unsurprisingly, they feel undervalued, frustrated and angry.

Conversely, when organisations make fixing a customer complaint a high priority, give those who manage complaints status and seniority and set high benchmarks for complaint resolution timeframes and customer satisfaction, the message is equally loud and clear for all parties - customers matter, so get it right.

Across the banking sector, every bank has been considering their complaints function and making improvements because they know that getting this right is central to trust and reputation. Whether it's the industry wide introduction of Customer Advocates (& I acknowledge that there a number here today) to increased investment in dispute resolution or the restructuring of senior executive teams to include customer complaint functions, there are real and big changes afoot inside every bank. There is more to be done, but improvements are underway.

Which brings me to my second point. What happens inside banks is only part of the equation. Internal dispute resolution mechanisms are stronger when they are counter-balanced by strong, effective, external dispute resolution bodies. The existence of an independent point of review for customers has a focussing effect on internal decision makers. Inevitably, they will ask themselves "will my decision stand up to scrutiny" "is it fair" "will another set of eyes agree with me" - "will this go to AFCA?"

When these external bodies are free, easy to understand and accessible as is the newly redesigned AFCA, this effect is even more powerful. The increased eligibility, access and compensation thresholds of the new AFCA will magnify this effect.

A critical part of the power that the new AFCA will assert across the sector lies not in the disputes it will hear and resolve - as important as these are - but in the many more that never make it to AFCA, the ones that get resolved quickly and easily through internal mechanisms because the prospect of AFCA's



external review looms over every internal decision. The decisions AFCA will make will also, in turn set new benchmarks that will guide internal decision makers to make better & faster decisions.

Equally, external dispute mechanisms like AFCA should act as a canary in a coal mine for companies. Where customer disputes to AFCA are significantly and regularly above a company's market share, it should give rise to serious questions about the quality of its service, its products, its internal complaints management, or all three.

In this regard, the data that AFCA gathers and reports is a vital part of the checks and balances in the system. I encourage AFCA in its renewed structure, to continue to report regularly and transparently and enrich this data where it can, so that banks and other financial institutions have a very clear picture of how they rate. Do not underestimate how competitive commercial organisations can be about these metrics - they all want to do better in this area, they all love numbers, they love to see evidence of improvement and they LOVE being ahead of their competitors. Your data is a powerful tool for change - I look forward to seeing you use that power for good.

And finally, the new AFCA will have a new tool to guide its resolution of disputes when the new Banking Code of Practice comes into effect in July 2019. This new Code gives significant new rights to both individual and small business customers. Right now, banks across the sector are preparing for the full implementation of this new Code, training almost 100,000 staff and changing back of house systems to ensure they are ready.

No doubt, the new rights and entitlements enshrined in this new Code will require AFCA consideration and interpretation and evolve through that process.

The new Code will also allow AFCA to set new benchmarks for service across the whole financial sector. This will be enhanced as other parts of the industry update and develop their own Codes, with new codes being drafted by the insurance industry and others.

I look forward to watching AFCA develop and grow into its new mandate. As it does so, I know it will empower customers and protect their rights and that this in turn will improve the service culture of banks and the whole financial sector. This is important and powerful work. I congratulate everyone who has worked to shape the new AFCA to date and I wish you all the best in meeting the strong expectations that now rest on your shoulders.