

Guiding Principles

Customer Advocate Guiding Principles

These guiding principles are designed to assist banks when designing, appointing and reviewing the role of Customer Advocate.

Banks may construct the role differently, considering their specific needs and aspirations, as well as customer and community expectations. These guidelines should be applied flexibly to fit within the business model of individual banks.¹

1. Purpose

Customer Advocates should be a voice for customers within their bank. They should endeavour to make things easier for bank customers by helping to facilitate fair outcomes and minimising the likelihood of future problems.

1.1 The purpose of the Customer Advocate should be aligned with the following principles in the Banking Code of Practice (the Code):

- a. Banks are committed to earning and retaining the trust of our customers and the community.
- b. Banks are committed to making promises and keeping them to deliver good customer and community outcomes.
- c. Banks will build and sustain a culture based on strong ethical foundations.

2. Structure and separation from the business

In ensuring the customer has a voice in the organisation, the Customer Advocate should operate with sufficient seniority and separately from the core business units within the bank (such as retail and business lending, insurance and wealth advisory).

2.2 The Customer Advocate should:

- a. Be effectively resourced to ensure it can carry out its role, function, and responsibilities.
- b. Have regular access to the CEO, other members of the senior executive, the Board and/or relevant Board sub-committee. This could be achieved by reporting lines or unfettered access, executive sponsorship for the role, access to key business decision makers, regular scheduled meetings or reports, or a combination of the above.
- c. Exist separately to front-line functions within the bank. The Customer Advocate's separation should be actively endorsed and supported by management.

¹ Note, in this document we use:

- 'are' and 'will' where an action is required by the Code, legislation, or regulation
- 'should' where a bank should consider an action as best practice, but this does not mean that they should necessarily follow a detailed or prescribed course of action or take that action in all circumstances; and
- 'may' where an action is only one of several ways of complying with the principle set out in this guidance.



- 2.3 Banks should consider the unique nature of the role of a Customer Advocate in the design of the responsibilities, function, structure and powers or delegations of the role. A Customer Advocate may be an individual, or a function or office, or the head of a function or office with the delegated responsibilities shared across the team. Factors to consider when deciding on a structure may include:
- a. Perception: ensuring customers and other stakeholders (internal and external) can trust in the role of the Customer Advocate.
 - b. Objectivity: the Customer Advocate should be fair, balanced, and act with the utmost integrity when making decisions or taking action.
 - c. Effectiveness: how the Customer Advocate can get access to external or internal feedback and advice on key issues.
- 2.4 Banks should clearly document the purpose and mandate of the Customer Advocate in a charter, service level agreement or equivalent document. This document should be approved by relevant senior executives and regularly updated as the role changes.

3. Role and responsibilities

The role of the Customer Advocate should be clearly defined and consistent with making it easier for customers when things go wrong.

- 3.1 The key responsibilities of the Customer Advocate should include:
- a. Helping to drive fairer dispute resolution outcomes, with a particular focus on sensitive and complex cases. For example, banks may consider how the Customer Advocate can enhance the complaints handling process for customers experiencing vulnerability.²
 - b. Reviewing key customer themes to identify thematic opportunities to enhance products, services, systems and processes within the bank. This may involve shaping or overseeing remediation programs, influencing product development and distribution processes, or engaging in preventive risk management initiatives.
 - c. Helping to facilitate better decision-making and fairer outcomes for customers through the use of insights and perspectives, including those sought from the community. This may involve assisting the bank to better understand customers' diverse perspectives, and the impact of decisions on customers.
- 3.2 Where the Customer Advocate has identified a genuine thematic issue, banks should ensure that the issue is addressed in their formal incident or issue management process, including the allocation of clear ownership and proactive oversight of its resolution at senior levels.

4. Customers and businesses

The Customer Advocate's role should cover appropriate customers and businesses of the bank.

- 4.1 The minimum scope of the Customer Advocate should include:
- a. retail and small business customers, and
 - b. the bank's wholly owned financial services businesses, as well as financial services businesses operating under the licence of the bank.
- 4.2 Banks should consider their business model, including brand and operational footprint, when deciding what other businesses or third parties are within the scope of the Customer Advocate.

² This could include some older customers, customers with a disability, customers experiencing financial hardship, Indigenous customers, culturally and linguistically diverse people, or customers with special needs. It can also include customers who would not usually be regarded as vulnerable or disadvantaged, but whose situation increases potential vulnerability, such as due to a natural disaster or illness or injury.



5. Communication

The role and responsibilities of the Customer Advocate should be clearly communicated to staff, customers and key stakeholders.

External

- 5.1 Customers should have ready access to timely and straightforward information about the mandate and structure of the Customer Advocate role.
- 5.2 Both the bank, through appropriate internal departments, and the Customer Advocate should establish and maintain regular engagement with key external stakeholders, including external dispute resolution schemes (where appropriate) and customer representatives. In addition, the Customer Advocate should have some form of ongoing direct contact with customers in order to hear their voice and represent their interests.

Internal

- 5.3 Banks should consider developing an ongoing communications plan, refreshed on a regular basis, to promote internal awareness of the purpose of the Customer Advocate role, and make staff aware of how the Customer Advocate is making a difference for customers. For example, this may be brought to life within the bank through case studies and storytelling.
- 5.4 Consideration may be given to how the Customer Advocate can be part of, or contribute to, the internal narrative about culture, customer-centricity, and achieving fair customer outcomes.
- 5.5 The Customer Advocate may liaise with key internal stakeholders so that they understand the role is an adjunct to existing processes and avenues for customer support, and not a substitute for them.

6. Reporting framework

Banks should monitor the awareness and effectiveness of the Customer Advocate to ensure continuous improvement in the effectiveness of the role.

- 6.1 Banks should have in place processes to monitor the performance of the Customer Advocate in making things easier for customers.
- 6.2 Banks should consider, from time to time, seeking independent assurance of the effectiveness of the Customer Advocate and ensuring that a process exists to embed improvements as a result of these findings, and other internal audits or reviews.
- 6.3 Banks should consider how best to explain the role, function, structure and outcomes of the Customer Advocate through regular public reporting. Reporting may include, for example:
 - a. case studies or stories of how Customer Advocates helped to deliver fair outcomes for customers, or
 - b. details of initiatives in progress, pilots, and other activities underway or completed that provide an insight into the work of the Customer Advocate.
- 6.4 Banks should consider how they make sure, and to what extent, the changes identified and recommended by the Customer Advocate are implemented.