



Commonwealth Bank

Open Advice Review program

Third Report

Prepared by Promontory

30 September 2015

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Commonwealth Bank Open Advice Review program

Third Report

30 September 2015

Promontory Financial Group Australasia (Promontory) has been engaged by the Commonwealth Bank Group (Bank) as an Independent Expert to oversee the Bank's Open Advice Review program (Program). Promontory is responsible for monitoring, reviewing and reporting on the Program and its progress. This Report provides an update on the Program for the period between 30 April 2015 and 31 August 2015.

A legal representative of the Bank reviewed a draft of this Report to identify any information subject to a claim for legal professional privilege. There were no such instances identified. Promontory also provided a draft of the Report to the Bank for the purposes of identifying any errors. Promontory retained final judgement on all views and information in this Report.

Promontory's role in the Program is limited and may not incorporate all matters that might be pertinent or necessary to a third party's evaluation of the Program or any information contained in this Report. No third party beneficiary rights are granted or intended.

Promontory is neither a law firm nor an accounting firm. No part of the services performed constitutes legal advice, the rendering of legal services, accounting advice, or the rendering of accounting or audit services.

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Abbreviations

| | |
|-------------------|--|
| ARp | Advice Review program |
| ASIC | Australian Securities and Investments Commission |
| CBA/Bank | Commonwealth Bank of Australia (Group) |
| CAT | Case Assessment Tool |
| CFPL | Commonwealth Financial Planning Limited |
| ESG | Executive Steering Group |
| FOS | Financial Ombudsman Service |
| FTE | Full-time equivalent |
| FWL | Financial Wisdom Limited |
| ICA | Independent Customer Advocate |
| IFE | Independent Forensic Expert |
| Initial Report | Promontory Initial Report (published 19 December 2014) |
| Independent Panel | Independent Review Panel |
| IT | Information Technology |
| OAR | Open Advice Review |
| Pilot | Pilot Program |
| Program | Open Advice Review program |
| PSG | Program Steering Group |
| Promontory | Promontory Financial Group Australasia |
| Report | Third Report |
| Review Period | 1 September 2003 to 1 July 2012 |
| Second Report | Promontory Second Report (published 29 May 2015) |
| SMAT | Special Matters Assessment Team |

1. Background

The Commonwealth Bank Group's (CBA or Bank) Open Advice Review program (OAR program or Program) is a review and remediation program designed to identify and compensate for poor financial advice that may have been provided to customers of Commonwealth Financial Planning Limited (CFPL) and Financial Wisdom Limited (FWL) between 1 September 2003 and 1 July 2012 (the Review Period). Where customers suffered financial loss as a result of poor advice from CFPL or FWL advisers, the Program aims to put customers back in the position they would have been in had they received suitable advice. The Program aims to be transparent, and aspires to deliver fair and consistent outcomes to customers.

The OAR program commenced on 3 July 2014 and was open to registrations for one year. From 3 July 2015, the Program ceased accepting new expressions of interest into the Program.

Promontory Financial Group Australasia (Promontory) was appointed as the Independent Expert for the Program in August 2014. Our role in the Program is to monitor, review and report on the Program and its progress.

In December 2014, we issued our Initial Report on the Program which detailed the Program's design, independent processes, and steps taken to build the Program's infrastructure. In May 2015, we released our Second Report, which provided a further update on the Program's implementation for the period ending 30 April 2015, including findings of the Pilot Program (Pilot) undertaken by the Bank to further refine the Program's processes.¹

This Third Report (Report) provides an update on the Program for the period ending 31 August 2015. It includes updated statistics on the number of cases that have progressed through the Program, assessment outcomes, and compensation payments made to affected customers. It also provides an overview of ongoing initiatives undertaken by the Bank since 30 April 2015, and the findings from our sample review of cases in the Program.

In all aspects reported, Promontory has exercised reasonable due diligence to verify facts and interpretations included in this Report. We acknowledge the co-operation of the Bank in responding to our information requests, and in our preparation of this Report.

Promontory's next report is scheduled for release at the end of January 2016. Our next report will provide a further update on developments in the Program up to 31 December 2015.

¹ Promontory's previous reports are available on the Bank's OAR program website at: www.commbank.com.au/openadvice.

2. Summary of findings

This Report provides an update in relation to the following main aspects of the Program:

- statistics in relation to the number of cases progressed through the Program, case assessment outcomes issued by the Bank, and the amount of compensation offered and paid under the Program to 31 August 2015 (Section 3 of this Report);
- ongoing initiatives to support the Program's implementation, including refinements to the Program's processes, systems and resources (Section 4); and
- findings from our sample review of cases in the Program (Section 5).

A summary of the main findings in relation to each of these aspects is set out below.

2.1. Program statistics

2.1.1. Progress of case assessments

As communicated at the outset of the Program and in various awareness initiatives conducted by the Bank, the Program ceased accepting new expressions of interest from 3 July 2015. Since its commencement, the Program has received a total of 23,269 expressions of interest, with 8,835 of these cases (38%) having registered for the Program as at 31 August 2015.²

With the refinements made to the Program's case assessment processes following the Pilot, and the addition of extra resources in the Program's assessment team since the end of April 2015, the Bank was able to accelerate the volume of cases it progressed in the Program in the four months to 31 August 2015. In particular, for the period between 30 April 2015 and 31 August 2015, the Bank issued assessment outcomes to an additional 478 cases in the Program, and progressed a further 939 cases to the Program's Assessment stage.³ Table 2.1 provides a breakdown of the number of cases that had progressed to the Program's various stages (beyond expression of interest) as at 31 August 2015.

Table 2.1: Number of cases progressed to each Program stage

| Case progress | Prior Total <i>as at 30/4/2015</i> | New | Total <i>as at 31/8/2015</i> |
|---|---------------------------------------|-------|---------------------------------|
| Number of cases registered | 7,237 | 1,598 | 8,835 |
| <i>of which:</i> cases progressed to Assessment Stage (or beyond) | 346 | 939 | 1,285 |
| <i>of which:</i> cases that had been issued an assessment outcome | 208 | 478 | 686 |

² The difference between the number of expressions of interest and the number of cases registered relates to customers who have asked for additional information about the Program, but had yet to formally confirm their registration in the Program.

³ Appendix 1 of this Report provides a description of the Program's various stages.

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As Table 2.1 illustrates, the total number of cases that had been issued an assessment outcome grew to 686 as at 31 August 2015 – more than three times the corresponding number of cases that had been issued an assessment outcome as at 30 April 2015 (as disclosed in our Second Report).⁴

Of the 686 cases that had been issued an assessment outcome as at 31 August 2015, customers had reached a final decision regarding their assessment outcome (and consequently exited the Program) in 273 cases.⁵ Customers in a further 63 cases had made a counter-offer or counter-assessment to the Bank, following receipt of their assessment outcome. In the remaining 350 cases that had been issued an assessment outcome as at 31 August 2015, the assessment outcome remained under review by the customer. Table 2.2 provides a breakdown of the status of the cases that had been issued an assessment outcome from the Bank as at 31 August 2015.

Table 2.2: Status of cases issued an assessment outcome from the Bank

| Case status | Total as at 31/8/2015 |
|---|--------------------------|
| Customer accepted the Bank's assessment outcome and offer of compensation | 19 |
| Customer accepted the Bank's assessment outcome (with no offer of compensation) | 191 |
| Customer rejected or did not respond to the Bank's assessment outcome, and subsequently withdrew from the Program | 63 |
| Customer rejected the Bank's assessment outcome and made a counter-offer to the Bank | 63 |
| Customer was still reviewing the Bank's assessment outcome | 350 |
| TOTAL | 686 |

As at 31 August 2015, no cases had been escalated to the Program's Independent Review Panel (Independent Panel).

An additional 1,137 cases also exited the Program prior to receiving an assessment outcome from the Bank in the period between 30 April 2015 and 31 August 2015.⁶ Of all the cases exited from the Program as at 31 August 2015, only one case had subsequently contacted the Financial Ombudsman Service (FOS) after being

⁴ The Bank has also indicated that a further 326 cases were issued an assessment outcome in the period between 1 September 2015 and 26 September 2015, bringing the total number of cases that had been issued an assessment outcome as at 26 September 2015 to 1,012.

⁵ The figure of 273 cases includes those customers who had accepted or rejected the Bank's assessment outcome as at 31 August 2015. It also includes those cases where the customer did not respond to the Bank's assessment outcome within specified timeframes (such cases were deemed to have rejected the Bank's assessment outcome).

⁶ Cases may exit the Program prior to receiving an assessment outcome for various reasons, such as the customer opting out of the Program, the case being deemed ineligible for the Program, or the case being removed by the Bank on administrative grounds.

issued an assessment outcome. Furthermore, as at 31 August 2015, no case had exited then subsequently pursued a claim against the Bank through the courts.

2.1.2. Outcomes of case assessments and compensation offered

As at 31 August 2015, the Bank had offered compensation to 53 of the 686 cases where an assessment outcome had been issued (approximately 8% of total cases in which an assessment outcome had been issued). Cases that were offered compensation included those where the Bank assessed the customer to have received poor or incorrectly implemented advice (the result of which saw the customer suffering financial loss), and cases where the Bank had found the customer to have been charged an incorrect fee (where the advice was found to be otherwise appropriate).

In approximately 91% of cases where an assessment outcome had been issued as at 31 August 2015, the Bank assessed the advice (and fees) to be appropriate and made no offer of compensation. The remaining 1% of cases that had been issued an assessment outcome were found to have involved poor or incorrectly implemented advice, which did not result in the customer suffering financial loss (and hence no offer of compensation was made).

Based on assessment outcomes issued to 31 August 2015, the Bank had offered total compensation of \$950,252 to customers in the Program (an increase of \$387,739 from the amount offered to 30 April 2015). Of the total amount of compensation offered as at 31 August 2015, the Bank had paid \$488,815. The total amount paid encompassed payments made to 21 cases.

As at 31 August 2015, all customers who had accepted an offer of compensation had been paid. All compensation that had been offered but not yet paid as at 31 August 2015 related to cases where the compensation offer was still under review by the customer or, for cases where the customer had made a counter-offer or counter-assessment, was still under review by the Bank.

Section 3 of this Report provides further details on statistics about the Program.

2.2. Ongoing Program initiatives

The Bank has continued to invest in resources and systems to support the ongoing implementation of the Program. A number of further refinements to the Program's case assessment processes have also been introduced in recent months, supporting the Bank's increased capacity to assess a greater volume of cases in the Program at any one time.

A high-level summary of these ongoing initiatives, as well as updates in relation to the Program's customer file retrieval processes, awareness initiatives and the Pilot conducted earlier in 2015 is set out below. Section 4 of this Report provides further details of these initiatives.

2.2.1. People and governance

The Bank recruited more than an additional 100 full-time equivalent (FTE) resources to its Advice Review program (ARp) team in the period between 30 April 2015 and 31 August 2015. As at 24 August 2015, the total number of FTE resources in the ARp team had grown to 613 (compared with 496 FTE resources as at 24 April 2015), with most of the recruitment effort during the period since 30 April 2015 focused again on the ARp

team's Customer and Information Management streams.⁷ The addition of these resources has allowed the Bank to continue to increase the volume of cases it can assess in the Program at any one time.

The Program's governance structure has remained unchanged since our Second Report, with the relevant Bank executive committees and boards having continued to provide oversight and strategic direction over the Program. The Program's risk management and the Bank's Internal Audit functions have also undertaken reviews and testing of processes and controls within the Program in recent months.

2.2.2. Customer file retrieval

In our Second Report, Promontory noted a number of enhancements that the Bank had introduced to retrieve customer advice files from across the country, particularly in relation to hard-copy paper files located in Bank branches, offices and document archiving sites. The implementation of this more centralised and systematic approach to the cataloguing and collection of files aimed to increase the efficiency and comprehensiveness of file retrievals for customers in the Program.

In the four months to 31 August 2015, the Bank made significant progress in cataloguing all customer advice files of CFPL customers, and retrieving those files from locations across the country for customers who had expressed interest in the Program. In particular, as at the end of August 2015, the Bank had catalogued over 930,000 customer advice files (covering more than 600,000 customers), and collected and scanned the files of more than 14,000 cases in the Program.

While significant progress has been made in retrieving customer files of CFPL customers, the retrieval of files for customers of FWL advisers remains a challenge for the Bank – particularly for cases involving advice provided from a *former* FWL adviser. In light of these challenges, the Bank has indicated that, as at 19 August 2015, it was still retrieving hard-copy files in approximately 50% of FWL cases in the Program where a file needed to be located.⁸

For cases in the Program where hard-copy files have yet to be catalogued, the Bank has indicated that it will continue to use other customer identification processes to locate these files, as well as explore electronic files stored on its systems. To the extent a customer's advice files remain incomplete after all avenues of file retrieval have been exhausted, the Bank has indicated it will apply standardised procedures to gather additional information and use its best endeavours to assess such cases.

2.2.3. Systems, tools and processes

The main system and process enhancements introduced by the Bank since our Second Report have focused on the Program's case assessment framework (or ARp Solution) developed following the Pilot. In particular, in August 2015, the Bank made a number of additional refinements to its Case Assessment Tool (CAT), and revised a number of the associated assessment guidelines and procedures supporting this tool. These

⁷ The Customer and Information Management streams are responsible for, inter alia, the assessment of cases and the retrieval of customer files, respectively. As noted in our Second Report, the Bank's recruitment efforts in the early part of 2015 focused most heavily on these streams.

⁸ Since the end of August 2015, the Bank has been able to accelerate its retrieval of FWL customer files in the Program. In particular, as at 23 September 2015, the Bank has indicated that the percentage of FWL cases in the Program (where a hard-copy file needed to be located) had dropped to approximately 33%.

refinements to the ARp Solution increased the functionality and capabilities of the Program to assess cases with potentially more complex features, such as those involving gearing, structured products or incomplete information.

Over the four months to 31 August 2015, the Bank also completed an independent model validation of the Program's compensation model, and finalised its "Fraud Protocol" with the Program's Independent Forensic Expert (IFE).

The independent model validation tested the accuracy of the model against documented principles and methodology developed by the Bank for remediating customers in the Program. The validation found no material exceptions in relation to the model's accuracy.

The Fraud Protocol sets out the triggers and processes to be followed by the Bank and the IFE in the event a concern is raised in the Program in relation to potential indicators of fraud, forgery or other improper conduct by an adviser. The Fraud Protocol includes roles and responsibilities for the Bank and IFE to refer and investigate cases involving potential fraud or other adviser misconduct.⁹

2.2.4. Program awareness

The main Program awareness initiatives completed since our Second Report focused on raising awareness around the closure date for new expressions of interest in the Program on 3 July 2015. In particular, in June 2015, the Bank undertook a final round of mass marketing regarding the Program to encourage customers to contact the Bank if they had any concerns about past advice they received from CFPL or FWL. The Bank also wrote to each of the community associations it had engaged with previously to provide an update on the Program, and notify them of the closure date for new expressions of interest.

Prior to the closure of new expressions of interest in the Program the Bank continued to run its digital advertising campaigns through the Program's dedicated webpage and through search engine marketing initiatives. On 31 August 2015, the Bank also wrote to customers who had expressed interest in the Program to provide them with an update of the Program, and reminded customers who had not returned their *You and Your Advice* form to do so to confirm their participation in the Program.

2.2.5. Pilot update

In our Second Report, we set out the findings from the Pilot conducted by the Bank in late 2014 and early 2015, including initiatives the Bank undertook to enhance its case assessment processes following this exercise. As noted in that report, our oversight of the Pilot entailed a review of the 60 Pilot cases involved and, from that review process, found that it was difficult to verify whether the Program's documented processes had been adhered to in all cases. In response to our findings, the Bank indicated that it would undertake a further assessment of those cases where we found it difficult to confirm adherence to the Program's processes, to provide assurance that the outcomes communicated to participants in the Pilot remained appropriate.

⁹ As at 31 August 2015, the IFE had been engaged in relation to three cases in the OAR program.

Since our Second Report, the Bank has undertaken additional reviews for those Pilot cases in which we had difficulties confirming adherence to processes. In some cases, the review involved re-assessing the cases based on counter-offers or counter-assessments made by the Independent Customer Advocates (ICAs) of the Pilot participants. In other cases, the Bank conducted a further review of the case to ensure that the issues we identified in the Pilot would not result in any changes to assessment outcomes previously communicated to customers.

Based on the further work that has been conducted by the Bank since our Second Report, we believe that our previous findings from the Pilot have been sufficiently addressed in the majority of cases. In the remaining small number of cases, the Bank was still finalising its position on whether changes are required to previous assessment outcomes.¹⁰ For these cases, Promontory has indicated that we will continue to monitor the progress of these cases to ensure that the relevant customers have not been disadvantaged from having participated in the Pilot.

2.3. Sample case reviews

2.3.1. Scope of sampling

Promontory's role requires us to review a sample of cases at different stages of the Program to determine if cases have been assessed in a manner that is materially consistent with the Program's documented processes and objectives.

In our Second Report, we set out the findings of our review of cases that had been assessed as part of the Pilot, and an initial set of cases that had exited the Program prior to assessments being completed. Given the relatively limited number of cases that had progressed through the Program's Assessment stage at the time of our Second Report, we had not yet completed any sampling of cases that had progressed through assessment (beyond those we reviewed in the Pilot).

Since our Second Report, Promontory has completed its initial sample review of cases that had progressed through the Program's Assessment stage outside of the Pilot. Our initial review involved a sample of 52 cases, representing approximately 8% of the case population that had been issued an assessment outcome (outside of the Pilot) as at 31 August 2015.¹¹

We have also undertaken additional sampling of cases that exited the Program prior to the customer receiving an assessment outcome from the Bank, including:

- Cases where the customer had opted out of the Program (customer withdrawals) – we reviewed 269 cases in our sample for this Report, representing all customer withdrawals identified by the Bank in the period between 30 April 2015 and 31 July 2015.

¹⁰ The Bank has confirmed that, where it does identify a need for an assessment outcome to change, it will communicate these findings to the customer, even where the customer has exited the Program.

¹¹ For clarity, Promontory's initial sampling of cases progressed through the Program's Assessment stage included cases that had been assessed prior to 30 April 2015 (i.e., cases that were identified as having been issued an assessment outcome in our Second Report), as well as those cases where an assessment outcome was issued after 30 April 2015.

- Cases deemed ineligible for the Program by the Bank – we reviewed nine cases in our sample for this Report, including two cases that were deemed ineligible at the Program’s Registration stage, and seven cases that were deemed ineligible prior to the Program’s Registration stage.
- Cases removed from the Program by the Bank on administrative grounds – we reviewed 42 cases in our sample for this Report, all of which related to cases that were removed by the Bank due to the customer having not returned a completed *You and Your Advice* form within one year from the date of initial registration or expression of interest in the Program.

2.3.2. Sample findings

Promontory’s sampling of cases that had progressed through the Assessment stage involved a review of two cohorts:

- cases that had been assessed by the Bank using processes that were similar to those adopted for the Pilot (18 such cases were reviewed); and
- cases that had been assessed by the Bank more recently using the Program’s enhanced case assessment framework¹² (34 such cases were reviewed).

Our overall view of the Bank’s assessment of these cases is that the Bank has made significant efforts to apply the Program’s documented processes in a fair and consistent manner. While there were a small number of cases where we identified exceptions in our sampling (detailed below), we found no evidence of systemic or major failures in the way cases were being assessed.

In relation to our review of the 18 cases that had been assessed using processes that were similar to those used in the Pilot, we found that the Bank had adhered to the Program’s documented processes in all but one case. The one case where we identified an exception related to a case where we assessed the Bank to have not undertaken a re-assessment of the asset allocation of the customer’s investment portfolio in complete accordance with the Program’s documented processes.

In relation to our review of the 34 cases that had been assessed more recently using the Bank’s enhanced case assessment framework, we found that the Bank had adhered to the Program’s documented processes in all but two cases. In each of the two cases where we identified an exception, we found that the customer was inadvertently placed into an investment product that differed from the product which had been recommended in the Statement of Advice agreed with the customer. In both these cases, the Bank’s assessment had not identified the implementation error.¹³

We note that each of the exceptions we identified involved deviations from the Bank’s processes. Such exceptions do not necessarily result in the customer’s assessment outcome or offer of compensation being adversely impacted. A separate assessment needs to be made on the impact of the exception on the

¹² The enhanced framework incorporates the Bank’s CAT and associated assessment guidelines forming part of the ARp Solution.

¹³ We note that, in both these cases, the product that was invested in and the product that was recommended had similar names, which made the difference difficult to detect. We also note that, in each case, the incorrect product invested in was only one of multiple products that formed part of the adviser’s overall recommendation. We did not identify any exceptions to the Bank’s assessment of other aspects of the advice in relation to these cases.

customer, including any change in the Bank's assessment outcome or offer of compensation. The Bank has confirmed that, in the event a customer's assessment outcome or offer of compensation is impacted (i.e., requires change), it will notify the customer of the change and offer any compensation due.¹⁴

Beyond the exceptions noted above, our sample review also identified opportunities where the Bank's assessment processes could be further refined to reduce the risk of inconsistent treatment of cases – particularly in relation to fees calculated by reference to investment amounts. The Bank has confirmed that it will proactively work towards strengthening its assessment processes to address our findings, including ways in which its approach could be strengthened to mitigate any potential impact on assessment outcomes.

From our sample review of cases that had exited the Program prior to receiving an assessment outcome, we found no material exceptions in relation to the Bank's treatment of these cases against the Program's documented processes.

Section 5 of this Report provides further details of our sample review and findings.

¹⁴ The Bank has indicated that in two of the cases where we identified exceptions, there was an impact of the customer's assessment outcome and the Bank was in the process of communicating this impact to the customer (including an offer of compensation).

3. Program statistics

This section of the Report provides updated statistics on the number of cases progressed through the Program's various stages as at 31 August 2015. It also provides an update on assessment outcomes issued by the Bank, and offers of compensation made and paid by the Bank to 31 August 2015.

As per our previous reports, the figures quoted refer to cases rather than customers. For the purposes of the Program, customers who express an interest in the Program are assigned a "case number". A "case" may include more than one customer and more than one instance of advice.

Appendix 1 to this Report provides a description of each "stage" of the Program used in the presentation of the statistics in this Report.

3.1. Expressions of interest

In our Second Report, Promontory noted the significant increase in the number of customers who had expressed interest following the extended customer contact awareness initiatives undertaken in early 2015 via the direct mail-out of letters to close to 350,000 households around Australia.

In the period between 30 April 2015 and 31 August 2015, the Program received a further 834 expressions of interest – bringing the total number of expressions of interest in the Program since its commencement to 23,269.¹⁵ Table 3.1 sets out the total number of expressions of interest the Program received in the period between 30 April 2015 and 31 August 2015. These figures exclude cases that had been identified by the Bank as duplicates as at 31 August 2015.¹⁶

Table 3.1: Expressions of interest

| Number of: | Prior Total as at 30/4/2015 | New | Total as at 31/8/2015 |
|-------------------------|--------------------------------|-----|--------------------------|
| Expressions of interest | 22,435 | 834 | 23,269 |

Given the Program ceased accepting new expressions of interest from 3 July 2015, the total figure of 23,269 is no longer expected to increase. The Bank has indicated that it is, however, continuing to accept registrations from customers who had expressed interest prior to 3 July 2015, following their return of a completed *You and Your Advice* form to the Bank.

¹⁵ The actual number of expressions of interest since the end of April 2015 was greater than 1,400. The increase of 834 is a net increase, which takes into account additional duplicate cases identified by the Bank since our Second Report.

¹⁶ Duplicate cases are those where the customer had registered or expressed interest in the Program more than once. As at 31 August 2015, the Bank had identified 1,427 duplicate cases. The Bank may continue to find additional duplicates over time as it undertakes further reviews of customer files.

3.2. Customer contact

Table 3.2 below provides an update on the number of cases that had been sent an information pack regarding the Program as at 31 August 2015. In total, approximately 94% of cases that have expressed interest in the Program had been sent an information pack as at 31 August 2015 (up from 91% as at 30 April 2015).

Table 3.2: Information packs sent

| Number of cases where: | Total as at 31/8/2015 |
|---------------------------|--------------------------|
| Information pack sent | 21,971 |
| Information pack not sent | 1,298 |
| TOTAL | 23,269 |

Of the remaining 1,298 cases where an information pack had not been sent as at 31 August 2015, the Bank has indicated that approximately 42% of these cases (551) do not require an information pack to be sent. These cases include those that exited the Program prior to the customer receiving an information pack (e.g., customers who withdrew or were removed from the Program prior to receiving an information pack), and those that have progressed in the Program without the Bank having sent an information pack to the customer (e.g., customers who received an information pack through an ICA).

The Bank has indicated that the remaining 747 cases that had not been sent an information pack as at 31 August 2015 related to cases:

- involving FWL customers that were referred into the Program, where the Bank was in the process of confirming with the customers their participation in the Program (700 cases); and
- that had not yet been sent an information pack for various other reasons (47 cases).¹⁷

3.3. Case progression

3.3.1. Cases registered and assessed

Following the implementation of its enhanced case assessment framework, and the recruitment of additional case assessors in the Program since the end of April 2015 (refer to Section 4.1 for further detail), the Bank was able to accelerate the volume of cases it assessed in the Program. In particular, in the period between 30 April 2015 and 31 August 2015, the Bank issued assessment outcomes to an additional 478 cases in the Program, bringing the total number of cases with an assessment outcome issued by the Bank to 686 as at 31 August 2015. Over the same period, the total number of cases progressed from the Program's Registration stage to the Assessment stage also increased from 346 cases (as at 30 April 2015) to 1,285 cases (as at 31 August 2015). Table 3.3 below sets out the number of cases progressed to the Program's various stages

¹⁷ This category includes recent expressions of interest (where the information pack was scheduled to be sent in the next mail-out), and customers for whom the Bank had been unable to confirm a mailing or email address to send an information pack.

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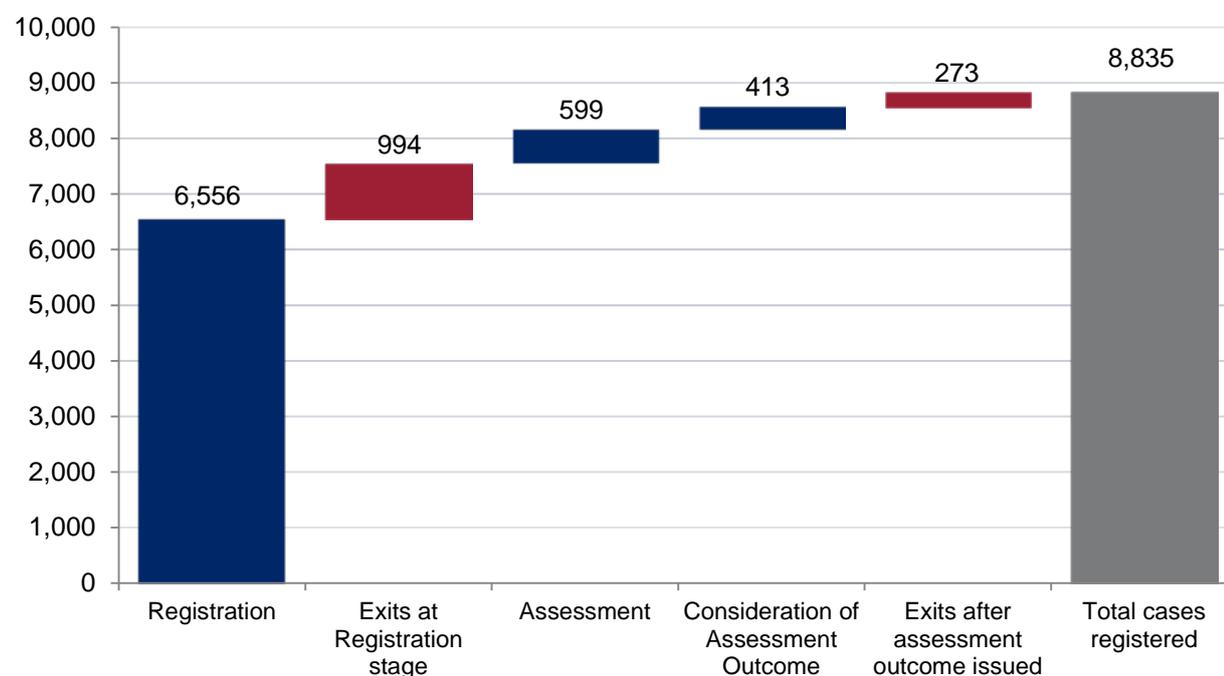
(beyond expression of interest) as at 31 August 2015. The table illustrates the increase in the volume of cases assessed in the Program, as well as the increase in registrations since 30 April 2015.

Table 3.3: Cumulative number of cases progressed to each stage of the Program¹⁸

| Stage | Prior Total as at 30/4/2015 | New | Total as at 31/8/2015 |
|---------------------------------------|--------------------------------|-------|--------------------------|
| Registration | 7,237 | 1,598 | 8,835 |
| Assessment | 346 | 939 | 1,285 |
| Consideration of Assessment Outcome | 208 | 478 | 686 |
| Independent Panel Review | 0 | 0 | 0 |
| Exits at Registration stage | 170 | 824 | 994 |
| Exits after assessment outcome issued | 22 | 251 | 273 |

The figures set out in Table 3.3 above reflect cumulative numbers of cases progressed to the Program's various stages since its commencement. Figure 3.1 below provides a point-in-time view of the number of cases that were active in each stage of the Program as at 31 August 2015.

Figure 3.1: Number of cases active in each stage of the Program as at 31 August 2015



¹⁸ Note that, although case exits are reported as separate line items in this table, the figures quoted for the Registration, Assessment, Consideration of Assessment Outcome and Independent Panel Review stages include those cases that had progressed through these stages, then exited the Program.

As Figure 3.1 illustrates, a large proportion of cases in the Program (74%) remained in the Program's Registration stage as at 31 August 2015. The Bank has indicated that, over the coming months, it expects to be able to continue to increase the volume of case assessments it commences and completes to reduce this figure.¹⁹

3.3.2. Cases exited

As Table 3.3 and Figure 3.1 above illustrate, the number of cases that exited the Program in the period from 30 April 2015 to 31 August 2015 increased markedly. This increase was driven by a number of factors, including:

- an increased number of customers who accepted their assessment outcome or withdrew from the Program following receipt of an assessment outcome from the Bank;
- additional withdrawals from customers who elected to opt-out of the Program prior to receiving an assessment outcome;
- additional cases that were deemed ineligible for the Program by the Bank (i.e., customers who did not receive advice from CFPL or FWL during the Review Period); and
- the Bank commencing its removal of cases from the Program where the customer had not responded to requests from the Bank to return a *You and Your Advice* form within one year from the date of their expression of interest or registration.

Table 3.4 below provides a breakdown of the number of cases exited from the Program at various stages of the Program as at 31 August 2015.

Table 3.4: Number of cases exited from the Program

| Reason for exit | Prior Total as at 30/4/2015 | New | Total as at 31/8/2015 |
|--|--------------------------------|-----|--------------------------|
| Exits prior to Registration stage | | | |
| Customer withdrew from Program | 74 | 84 | 158 |
| Case deemed ineligible for the Program | 0 | 63 | 63 |
| Case removed on administrative grounds | 0 | 166 | 166 |
| Exits at Registration stage | | | |
| Customer withdrew from Program | 161 | 189 | 350 |
| Case deemed ineligible for the Program | 9 | 2 | 11 |
| Case removed on administrative grounds | 0 | 633 | 633 |

¹⁹ The Bank has indicated that a further 326 cases were issued an assessment outcome in the period between 1 September 2015 and 26 September 2015, bringing the total number of cases that had been issued an assessment outcome as at 26 September 2015 to 1,012.

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| Reason for exit | Prior Total as at 30/4/2015 | New | Total as at 31/8/2015 |
|--|--------------------------------|--------------|--------------------------|
| Exits at Assessment stage | | | |
| Customer withdrew from Program | 0 | 0 | 0 |
| Case removed on administrative grounds | 0 | 0 | 0 |
| Exits after assessment outcome issued | | | |
| Customer accepted assessment outcome – compensation was offered | 5 | 14 | 19 |
| Customer accepted assessment outcome – no compensation was offered | 0 | 191 | 191 |
| Customer withdrew from Program | 17 | 46 | 63 |
| Case removed on administrative grounds | 0 | 0 | 0 |
| TOTAL | 266 | 1,388 | 1,654 |

The statistics in Table 3.4 show that in the period between 30 April 2015 and 31 August 2015:

- 251 cases exited the Program after having been issued an assessment outcome from the Bank.
- 273 cases exited the Program after the customer elected to opt-out of the Program prior to the Bank issuing an assessment outcome. This figure includes 84 cases of customer withdrawals prior to the Registration stage, and 189 cases of customer withdrawals at the Registration stage.
- 65 cases exited the Program due to the Bank assessing their case to be ineligible. This figure includes 63 cases deemed ineligible prior to the Registration stage, and two cases deemed ineligible at the Registration stage. The 63 cases deemed ineligible prior to the Registration Stage related to customers who were inadvertently invited to register for the Program as part of the Bank's extended customer contact awareness initiative conducted in early 2015. The customers in this category responded to the Program's direct mail-out (i.e., expressed interest in the Program), but were subsequently found by the Bank to have not received advice from CFPL or FWL during the Review Period.²⁰
- 799 cases were removed from the Program on administrative grounds by the Bank. These cases include:
 - 397 cases assessed by the Bank as having been "non-genuine" expressions of interest or registrations (comprising 166 non-genuine expressions of interest and 231 non-genuine registrations). In 394 of these cases, investigations by the Bank had indicated that the expression of interest or registration was made by a person (other than the customer) without the customer's consent, with one of the following conditions also applying: i) the customer

²⁰ The Bank proactively managed these cases by calling and/or writing to the affected customers to clarify that they were not, in fact, eligible for the Program when it became aware of the inadvertent mail-outs.

informed the Bank that he/she did not want to participate in the Program; ii) ,the customer did not respond to the Bank’s invitation to participate in the Program; or iii) the Bank had no contact details for that customer. For the remaining three cases, the Bank assessed that the person never genuinely intended to register for the Program.

- o 402 cases where the customer had not returned a *You and Your Advice* form within one year from the date in which the customer first registered or expressed interest in the Program.²¹

As at 31 August 2015, no case had been escalated to the Independent Panel for review.

Of the total number of exits in the Program, only one case had subsequently contacted the FOS after being issued an assessment outcome as at 31 August 2015. Furthermore, as at 31 August 2015, no case that had exited the Program had then pursued a claim against the Bank through the courts (refer to Table 3.5).

Table 3.5: FOS referrals and legal claims

| Number of cases exited from the Program and: | Prior Total as at 30/4/2015 | New | Total as at 31/8/2015 |
|--|--------------------------------|-----|--------------------------|
| Referred a complaint to FOS | 0 | 1 | 1 |
| Pursued a claim against the Bank | 0 | 0 | 0 |

3.4. Assessment outcomes

As at 31 August 2015, a total of 686 cases had been issued an assessment outcome by the Bank. This figure compares to 208 cases as at 30 April 2015 (including 60 cases that were assessed as part of the Pilot).

A breakdown of the 686 cases that had been issued an assessment outcome by the Bank as at 31 August 2015 is provided in Figure 3.2. The figure breaks down the assessment outcomes into the following categories:

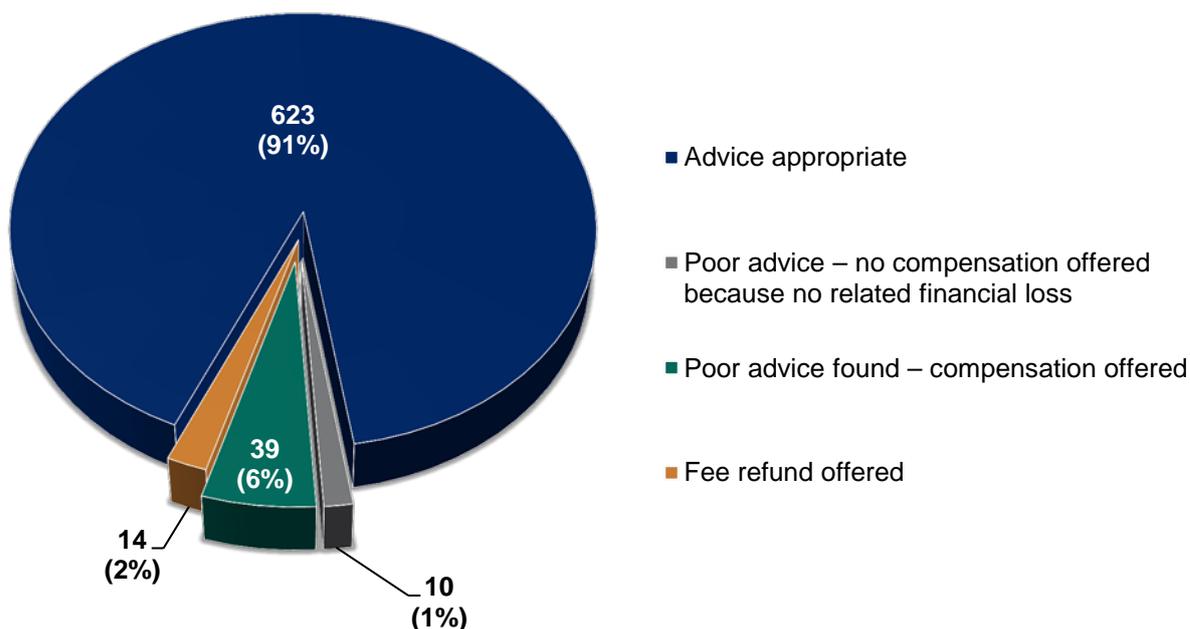
- **Advice appropriate:** this category refers to cases where the Bank found no evidence of poor advice being provided to the customer, nor any evidence of incorrectly implemented advice or incorrect fees being charged.
- **Poor advice found – no compensation offered because no related financial loss:** this category refers to cases where the Bank found poor or incorrectly implemented advice, but where no offer of compensation was made because the Bank assessed that no related financial loss was suffered by the customer.²²

²¹ For each of these cases, the Bank had requested, or attempted to request, the required information from the customer on multiple occasions.

²² The Bank takes into account any previous compensation that may have been paid to a customer under past CBA remediation programs. Where poor advice has been identified during the Review Period and compensation had been paid by the Bank for the poor advice identified previously, the Bank will offset its compensation under the Program against the previous amount paid. To the extent the offset completely eliminates the amount of compensation payable under the Program, such cases will be captured in this category.

- **Poor advice found – compensation offered:** this category refers to cases where the Bank found poor or incorrectly implemented advice, and where compensation was offered because the Bank assessed the customer to have suffered financial loss as a result of the poor or incorrectly implemented advice.
- **Fee refund offered:** this category refers to cases where issues were identified with the advice fees charged to the customer, and where the compensation offered related solely to a fee refund.²³

Figure 3.2: Breakdown of assessment outcomes issued as at 31 August 2015



Of the 686 cases that had been issued an assessment outcome as at 31 August 2015, the Bank offered compensation to 53 cases (8%). In 623 cases (91%), the Bank assessed the advice (and fees) to be appropriate and consequently made no offer of compensation. The remaining 10 cases (1%) were assessed by the Bank as having involved poor or incorrectly implemented advice, but where that advice was assessed to have not resulted in the customer suffering financial loss (hence no offer of compensation was made).

The figures presented in Figure 3.2 relate only to the outcomes of cases assessed by the Bank as at 31 August 2015. We note the possibility that the outcomes of some cases may change after this date (i.e., where a customer successfully counters the Bank's assessment outcome as allowed for in the Program's design). Indeed, of the 686 cases where an assessment outcome had been issued as at 31 August 2015, the assessment outcomes from 413 of these cases remained under review by the customer, or were the subject

²³ Cases that involved both poor advice (which resulted in the customer suffering financial loss) and a fee refund are covered in the "Poor advice found - compensation offered" category, and excluded from this category.

of a counter-offer or counter-assessment that the Bank was still assessing. The final outcome for these cases may impact the breakdown of assessment outcomes going forward.

Table 3.6 below provides a breakdown of the status of the 686 cases that had been issued an assessment outcome as at 31 August 2015. The table illustrates that 31% of cases that had been issued an assessment outcome (either with or without compensation) as at 31 August 2015 had accepted the Bank's assessment. A further 9% of cases (with an assessment outcome issued) had rejected the outcome or, did not respond to the outcome, and subsequently withdrew.²⁴ As noted above, the remaining 60% of cases remained under review by the customer or, in instances where the customer had made a counter-offer or counter-assessment, were under review by the Bank.

Table 3.6: Status of cases that had been issued an assessment outcome as at 31 August 2015

| Case status | Total as at 31/8/2015 |
|---|--------------------------|
| Offer of compensation made by Bank | |
| Offer accepted by the customer | 19 |
| Offer under review by the customer | 23 |
| Offer rejected by the customer and counter-offer made to the Bank | 11 |
| No offer of compensation made by Bank | |
| Assessment outcome accepted by the customer ²⁵ | 191 |
| Customer rejected or did not respond to the assessment outcome, and withdrew from the Program | 63 |
| Assessment outcome under review by the customer | 327 |
| Assessment outcome rejected by the customer and counter-assessment made to the Bank | 52 |
| TOTAL | 686 |

Of the total cases that had been issued an assessment outcome as at 31 August 2015, approximately 30% of these cases had retained the services of an Independent Customer Advocate (ICA) to assist with their review of the Bank's assessment outcome (down from approximately 40% as at 30 April 2015).²⁶ The Bank has

²⁴ After receiving an assessment outcome, customers may choose not to respond to the Bank as to whether they accept or reject the Bank's assessment outcome. If a customer does not respond to the Bank within the time period specified within his/her assessment outcome, the customer is deemed to have rejected the outcome.

²⁵ After an assessment outcome is issued by the Bank, the Bank attempts to contact the customer and discuss whether he/she accepts the outcome (or wishes to make a counter-assessment or counter-offer). Where a customer accepts the Bank's assessment outcome with no offer of compensation, the Bank writes to the customer confirming their acceptance and exit from the Program (at which point, the case is included in this category). Also included in this category are cases where the customer (or his/her ICA) has sent the Bank written confirmation of acceptance of the assessment outcome.

²⁶ Both figures of 40% and 30% include the 60 cases in the Pilot, where the customers were required to retain an ICA as a safeguard for their participation.

indicated that a factor driving the reduction in the ICA retention rate is likely to be the increased level of information the Bank has provided to customers in their assessment outcome letters since June 2015. The additional details the Bank has provided has given customers greater transparency as to how the Bank derived its assessment outcome.

3.5. Compensation

In the period between 30 April 2015 and 31 August 2015, the Bank offered an additional \$387,739 in compensation to customers in the Program, and paid \$409,113 in compensation.

Table 3.7 sets out the total amount of compensation offered and paid by the Bank in the Program to 31 August 2015.

Table 3.7: Compensation amounts

| Compensation | Prior Total as at 30/4/2015 | New | Total as at 31/8/2015 |
|---------------------|--------------------------------|-----------|--------------------------|
| Offered by the Bank | \$562,513 | \$387,739 | \$950,252 |
| Paid by the Bank | \$79,702 | \$409,113 | \$488,815 |

The total amount of \$488,815 in compensation paid to 31 August 2015 consisted of payments made to 21 cases in the Program.²⁷

The difference between the total amount of compensation offered and paid as at 31 August 2015 (\$461,437) related to cases where the offer of compensation was still under review by the customer or, in cases where the customer had made a counter-offer or counter-assessment to the Bank, was still under review by the Bank.

All customers who had accepted an offer of compensation by the Bank as at 31 August 2015 had been paid.

²⁷ Of the 21 cases, two cases involved interim payments where the Bank was yet to finalise the assessment outcome as at 31 August 2015.

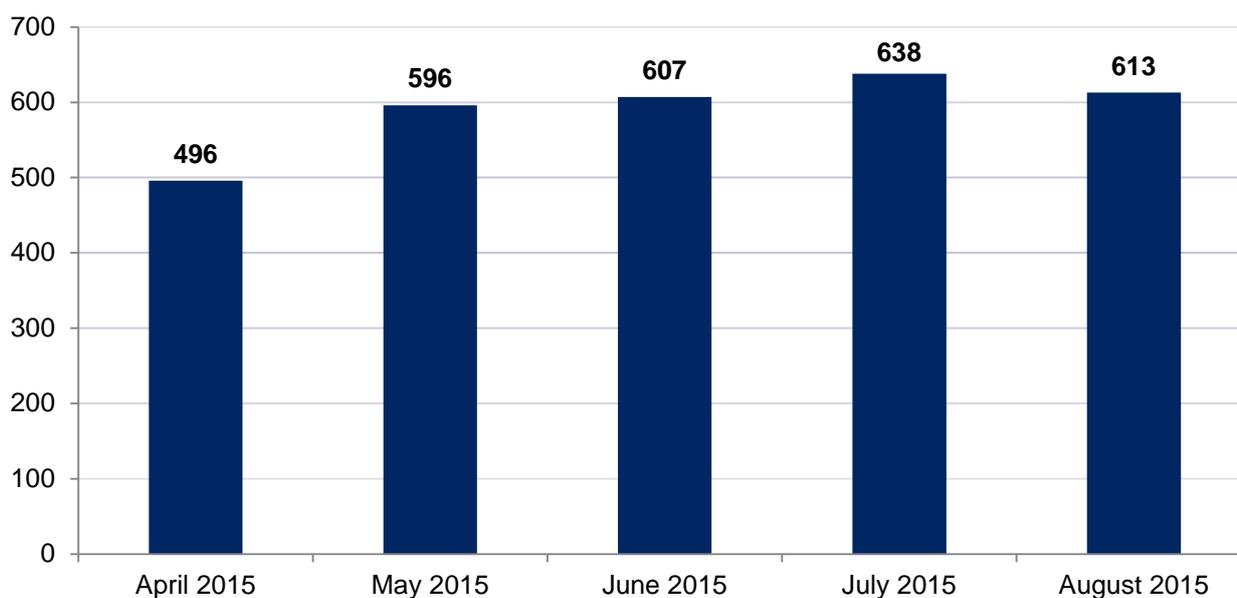
4. Ongoing Program initiatives

This section provides an overview of the ongoing initiatives that have been taken by the Bank in recent months to support the Program's implementation. It covers initiatives related to the people, governance, systems, processes and communications supporting the Program. This section also provides an update on the Pilot conducted in early 2015 and reported in our Second Report.

4.1. People

The ARp team, which is responsible for implementing the Bank's remediation processes for the OAR program and the varied licence conditions of CFPL and FWL agreed with the Australian Securities and Investments Commission (ASIC), has grown to over 600 full-time equivalent resources since the end of April 2015. As at 24 August 2015, the ARp team stood at 613 FTE resources – reflecting an increase of more than 100 FTE resources from the 496 reported as at 24 April 2015 (see Figure 4.1).

Figure 4.1: Number of FTE resources in ARp



Similar to the Program's recruitment focus earlier in 2015, the ARp team's most recent recruitment efforts have again focused on the addition of resources within the Customer and Information Management streams. These streams are responsible for, inter alia, case assessments and customer file retrievals, respectively. The addition of extra resources within these streams allowed the Bank to increase the volume of cases it assessed in the Program at any one time.

The majority of resources within the ARp team continue to be employees or contractors of CBA (over 90% of FTE resources as at 24 August 2015). The remaining team members (less than 10% of FTE resources) are resourced from external professional services firms.

The increase in team numbers and the ongoing refinement of assessment processes within the Program also required the Bank to undertake additional training initiatives across the ARp streams. In particular, since the end of April 2015, the Bank conducted over 50 training sessions, covering areas such as:

- new starter induction training, including general on-boarding as well as more specialised training programs for new members of the ARp's case assessment team;
- customer contact and relationship management, including complaints handling processes and new procedures to gather additional information from customers;
- new or updated Information Technology (IT) systems and programs;
- enhanced case assessment processes and tools applied in the Program, including training on the identification of potential fraud issues that should be referred to the Program's IFE, and refinements to the Program's Case Assessment Tool (CAT) (refer to Section 4.4 for further details regarding the CAT and protocols for referring cases to the IFE); and
- leadership training for the Program's senior management group.

The Bank also continued to set higher training standards for members of the ARp team who are responsible for conducting case assessments. In particular, ARp team members with responsibility for case assessments are required to meet certain Regulatory Guide 146 (RG 146) minimum training requirements related to the provision of personal advice (even though such members do not provide advice to customers under the Program). Once accredited, these team members are also required to meet mandatory continuing professional development requirements.

As at 24 August 2015, approximately 92% of ARp team members with responsibility for case assessments had completed their necessary RG 146 minimum training requirements. The remaining 8% of team members were working towards completion of their RG 146 requirements.

4.2. Governance

No major changes to the governance structure supporting the OAR program have been made since our Second Report. The main executive committees responsible for oversight of the Program – namely, the Program Steering Group (PSG) and the Executive Steering Group (ESG) – continue to oversee the Program's implementation and provide direction in line with authorised approvals provided by the relevant CBA, CFPL and FWL boards. In the period between 30 April 2015 and 31 August 2015, the PSG convened five times to discuss matters related to the Program, while the ESG convened twice.²⁸

The CBA and CFPL/FWL boards also continued to be updated on developments in the Program during this period, authorising necessary approvals to implement initiatives under the Program where necessary. The CFPL and FWL boards discussed developments regarding the Program twice between 30 April 2015 and 31 August 2015, while the parent CBA board and the Bank's financial planning board oversight committee were each updated about the Program once during this period.

²⁸ From the end of July 2015, the PSG has decided to meet on a monthly basis rather than a fortnightly basis.

In addition to the oversight provided by the Program's executive committees and boards, the Program's risk management function also monitored governance and risk issues related to the Program. Issues, incidents and risks associated with the Program's implementation were reported to the Program's leadership team, and managed in accordance with the Bank's broader risk management framework. Over recent months, the risk management function also commenced the assessment and testing of controls in line with the Bank's operational risk framework.

Since the start of 2015, the Bank's Internal Audit department commenced a number of targeted reviews of various aspects of the Program. These reviews included those in relation to the Program's training arrangements, governance, reporting arrangements, risk management and information systems. Material issues identified by Internal Audit were reported to the Program's management and have management action plans attached.

4.3. Customer file retrieval

In our Second Report, we noted a number of the enhancements made to the Program's customer file retrieval processes, centring on the more systematic cataloguing of customer files located across the Bank's branches, offices and document archiving sites. One of the main aims of these enhancements was to provide the Bank with a catalogue of all available hardcopy CFPL customer advice files, so that the files of customers who have expressed interest in the Program could be more readily and efficiently retrieved for assessment.²⁹ The more systematic cataloguing and collection of customer files also aimed to provide the Bank with a better understanding of the completeness of each registered customer's file.

As at the end of August 2015, the Bank's cataloguing of advice files for CFPL customers across the Bank's branches, offices and archiving sites was nearing completion. Over 930,000 customer files, spanning 476 Bank branches and offices across Australia, had been catalogued into a software tool developed to assist with the Bank's advice remediation programs (i.e., the OAR program and the varied licence conditions for CFPL and FWL). These catalogued files covered more than 600,000 customers, including customers who are not part of any of the Bank's advice remediation programs.³⁰

Of the 600,000 customers where the Bank had catalogued a customer's advice file, more than 15,000 cases had been identified as those within the OAR program. For the remaining cases in the Program where a hard-copy file had not been catalogued, the Bank continues to use other customer identification processes to locate these files (including the identification of electronic files stored on its systems that may be relevant). To the extent a customer's advice files remains incomplete after all avenues of file retrieval have been exhausted, the Bank has indicated it will apply standardised procedures to gather additional information and use its best endeavours to assess such cases.

With the Bank nearing completion of its cataloguing of hard-copy files for CFPL customers, efforts turned to the collection and scanning of files of customers in the Program. Of the 15,000 cases in the Program where a file had been catalogued, more than 14,000 of these cases have had the relevant customer files collected and

²⁹ Files relating to customers of FWL practices were not included in the catalogue and collect initiatives given differences and difficulties in accessing FWL customer files (refer further below for challenges related to customers of FWL in the Program).

³⁰ A customer may have one or more files related to their case. A file may include multiple advice documents provided to the customer by an adviser (e.g., file notes prepared by an adviser and formal advice documents).

scanned for review in the Program (as at 24 August 2015). In undertaking these efforts, the Bank also identified the need to return to 124 sites containing files relevant to customers in the Program, and had completed a revisit to 102 of these sites as at 24 August 2015.

While the Bank has made significant progress in retrieving the files of customers of CFPL in the Program, the retrieval of files for customers of FWL remains a challenge. As noted in our Second Report, the different systems and arrangements in place between the Bank and FWL practices has meant that different file retrieval processes have been required for customers of FWL in the Program. In particular, the file retrieval processes for customers of FWL in the Program have required a more manual approach, whereby files are requested from the relevant FWL adviser for scanning into the Program's systems, before being returned to the adviser.

Given these challenges, the Bank has indicated that files for FWL customers in the Program had only been retrieved in approximately 50% of cases where a file was required to be located. The Bank has indicated that it is continuing to retrieve the remaining files of FWL cases in the Program, although it will need to address some further ongoing challenges in retrieving these files. A particular challenge relates to customers in the Program who had received advice from *former* FWL advisers. For these cases, the Bank may not have the contact details of the former FWL adviser and, even when it does, requires the cooperation of the adviser to locate and make available the files.³¹

Given the difficulty in retrieving files for customers of former FWL advisers in the Program, the Bank has indicated that it is introducing additional steps in order to locate and collect these files (e.g., by performing additional searches in ASIC databases and the Bank's other IT systems). The Bank has indicated that it commenced implementing these additional steps in September 2015, and that these steps have accelerated the retrieval of outstanding FWL customer files.³²

4.4. Tools, processes and systems

4.4.1. Case assessment tool and compensation model

In our Second Report, Promontory noted the positive steps that the Bank had taken to enhance the Program's case assessment processes following the completion of the Pilot. These enhancements centred on the development of the CAT, which facilitated more consistent, reliable and traceable outcomes for customers in the Program.³³ The Bank also undertook significant work to refine the associated assessment methodology, guidelines and standard operating procedures supporting the CAT, which together reflected the Program's case assessment framework (referred to as the ARp Solution).

³¹ An additional challenge arises with respect to obtaining the investment history for customers who invested in products issued by third-party product providers. In such instances, the Bank may require the cooperation of third-party product providers to provide access to historical customer investment information.

³² In particular, as at 23 September 2015, the Bank has indicated that the percentage of FWL cases in the Program (where a hard-copy file needed to be located) had reduced from approximately 50% to 33%.

³³ The CAT is a case workflow management system that helps the Bank's assessment team track and record case assessments in a structured, step-by-step manner.

At the time of our Second Report, we noted that the CAT had yet to be deployed for cases that were assessed up to 30 April 2015. Since that time, more than 450 cases in the Program have been assessed through the CAT, with the CAT also having been reviewed by the Program's ICAs.

In addition to the enhancements that were made following the Pilot, the Bank has also, in recent months, made further refinements to the CAT to extend its scope and capability. In particular, in late August 2015, the Bank finalised its second release of the CAT, which included additional processes to deal with cases:

- involving less common products or types of advice provided to customers of CFPL and FWL, such as those involving Self-Managed Superannuation Funds, agri-business schemes or structured products;
- involving more complex issues or computations, such as gearing (through products that are inherently geared or margin lending);
- with incomplete information (after all efforts had been exhausted to retrieve the customer's advice files);
- involving advisers that had been previously identified by the Bank as having exhibited known issues of poor behaviour or improper conduct, which require special attention due to the heightened risks associated with such cases;³⁴ and
- that may involve potential issues of fraud or forgery (refer to Section 4.4.2 below for a further discussion of initiatives in relation to the assessment of potential fraud and other improper conduct).

The Bank has supported the revised version of the CAT with refinements to associated assessment guidelines and standard operating procedures.

As at 31 August 2015, no cases had been assessed under the revised version of the CAT. Testing of the revised tool, however, had commenced at the start of September and case assessors had commenced training on the revised tool.

The other main component of the advice review system that we noted in our Second Report was the Program's compensation model. The compensation model is the Bank's methodology for determining remediation payments under the Program for cases that have been assessed as having received poor or incorrectly implemented advice (or the incorrect charging of fees).

Since our Second Report, an independent model validation of the compensation model's accuracy was completed by an external party to the Bank. The validation involved testing the model against documented methodology and principles developed by the Bank, and testing a range of illustrative cases to verify the accuracy of the model. The validation found that the model performed calculations that were consistent with the principles and methodology documented by the Bank, and found no exceptions in relation to the illustrative cases used to verify the model's accuracy.

³⁴ The revised version of the CAT includes new assessment processes for identifying and considering the risks and behaviours of specific advisers. The process requires certain adviser themes (of poor or improper conduct) historically related to these specific advisers to be assessed by a Special Matters Assessment Team within the ARp team, which then assess whether the case should be referred to the Program's IFE (McGrathNicol Forensic).

4.4.2. Fraud protocol

In our Initial Report, Promontory noted the appointment of McGrathNicol Forensic (McGrathNicol) as the Independent Forensic Expert to the Program. The IFE's role is to investigate any concerns about possible fraud, forgery or other improper conduct (which may amount to a breach of criminal law) relating to financial advice received by customers in the Program.

In August 2015, the Bank finalised its "Fraud Protocol" with McGrathNicol setting out the triggers and processes to be followed by the Bank and the IFE in the event a concern is raised in relation to fraud, forgery or other improper conduct by advisers. The Fraud Protocol sets out the roles and responsibilities of the Bank and the IFE, including those in relation to the referral, reporting and documentation of cases potentially involving fraud or improper conduct. At a high-level, the process involves:

- an initial review by the Bank's case assessment team of potential issues of fraud or other improper conduct in a case, based on processes developed by the Bank in conjunction with the IFE;³⁵
- escalation of any cases with potential issues of fraud or improper conduct to a "Special Matters Assessment Team" (SMAT) within the Bank, which is responsible for referring cases to the IFE; and
- the investigation and reporting of all referred cases by the IFE.

All cases that are referred to the IFE and investigated by the IFE will be reported to the Bank. The Bank will provide a copy of any report completed by the IFE to customers as part of their correspondence to communicate the Bank's assessment outcome (or response to a customer's counter-assessment outcome).

To mitigate the risk of the Bank failing to appropriately refer cases to the IFE where concerns of fraud or improper conduct are raised, the IFE will review a sample of cases that have been investigated by SMAT but not referred to the IFE. The IFE's sampling will assess whether cases that had not been referred to it by SMAT have been assessed for fraud or other improper conduct in a manner that is materiality consistent with the processes and objectives of the Program's fraud protocols. The IFE will report to the Bank any instances where adherence to the processes and objectives of the Program's fraud protocols has not been met, with this report also being made available to Promontory as Independent Expert to the Program.

As at 31 August 2015, McGrathNicol had been engaged in relation to three cases in the OAR program.

4.4.3. IT systems

With most enhancements having occurred in late 2014 and early 2015, there were relatively few additional enhancements to the Program's databases and IT systems in the period between 30 April 2015 and 31 August 2015. Areas of the Program's IT infrastructure that were enhanced during this period included:

- refinements to the Program's customer relationship and workflow management systems, to allow for more automated and consistent generation of customer correspondence letters;

³⁵ The processes for assessing potential fraud are set out in documented assessment guidelines which set out indicators of potential fraud or improper conduct that require escalation. Promontory will review adherence to these documented assessment guidelines as part of our ongoing sampling of cases in the Program.

- the development of a data extraction tool that enables account transaction details to be more easily extracted from the Program's main database to other applications (e.g., compensation model); and
- data loading enhancements between a number of the Bank's product systems and the Program's main database.

As discussed in Section 4.4.1 above, the Bank also made a number of refinements to the CAT used by the Program's case assessment team. These enhancements included improvements to the automated outputs generated by the CAT to assist various stakeholders within the Bank review assessment outcomes.

4.5. Communications and awareness

The main Program awareness initiatives undertaken since the end of April 2015 centred on initiatives to raise awareness of the Program's closure date to new expressions of interest from 3 July 2015. In particular, on 21 June 2015, the Bank undertook a final round of mass advertising across major city centres around Australia to notify customers of the impending closure date for new expressions of interest. Table 4.1 below provides a summary of the publications in which half-page advertisements were published by the Bank to raise awareness of the closing date.

Table 4.1: Additional advertising of Program prior to the close of registration

| Publication | Coverage area |
|---|---|
| The Sunday Telegraph The Sun Herald The Sunday Mail | Sydney, Canberra, Brisbane, Adelaide |
| The Sunday Canberra Times | Canberra |
| The Sunday Herald Sun The Sunday Age The Sunday Times | Melbourne, Perth |

In addition to the mass advertising undertaken in national and major metropolitan newspapers, the Bank also wrote to each community association it had previously engaged with to inform them of the closure date. This written correspondence reminded each community association about the Program, and the steps that had been undertaken by the Bank recently to improve the consistency and efficiency with which cases would be reviewed under the Program.

The Program's ongoing digital advertising initiatives also continued through to the closure date of new expressions of interest. The Bank has indicated that, since the Program's commencement, close to 43,000 unique visitors had visited the Program's campaign landing page (up from approximately 35,000 as at the end of April 2015).

Beyond the communication and awareness strategies related to the closure date for new expressions of interest, the Bank provided a written update on the Program's progress to over 20,000 customers in the

Program at the end of August 2015.³⁶ This update provided general information about the Program's progress and, for customers who had yet to return their *You and Your Advice* form, tips to help complete this form. The Consultant Expert Adviser to the Program (Fiona Guthrie) provided input and feedback in the drafting of this update to customers.

4.6. Pilot update

4.6.1. Response to previous findings

The Pilot, which commenced in November 2014, involved an assessment of 60 cases jointly selected by CBA and the ICAs. The Pilot was conducted to test and refine the Program's processes prior to full implementation.

In our Second Report, Promontory provided an overview of the outcomes of the Pilot, and the findings from our review in the context of our Program monitoring role. We noted that the Bank had identified a number of opportunities to enhance its case assessment processes, which we believed would facilitate more consistent, reliable and traceable outcomes for all customers in the Program. We also noted that, in reviewing the 60 Pilot cases as part of the testing and refinement of our own procedures, we identified a number of cases where we found it difficult to trace and verify whether each aspect of the Bank's documented assessment processes was adhered to.

In response to our findings, the Bank indicated that it has undertaken a further review of cases in the Pilot where we found it difficult to verify adherence to the documented processes. In some cases, this review involved re-assessing the cases based on counter-offers or counter-assessments made by the ICAs on behalf of the Pilot participants. Where an issue that we identified was not raised as a concern by an ICA, the Bank also undertook a further review to ensure the outcomes communicated to the customer remained appropriate.

Promontory has reviewed the responses provided by the Bank in relation to the Pilot cases where we had difficulty tracing and verifying the Bank's adherence to documented processes. Our review found that, in the majority of cases, the Bank's re-assessment (through its response to counter-assessments made by the ICAs or as part of reviews to respond to our queries) sufficiently addressed our previous findings.

In the remaining small number of cases, the Bank was still finalising its position on whether or not previous assessment outcomes would require change. For these cases, we have indicated to the Bank that we will continue to monitor the Bank's assessment to ensure that the relevant customers were not disadvantaged from their involvement in the Pilot. To the extent that we identify any material concerns with the Bank's re-assessment of these cases, we will report these issues in our next report.

4.6.2. ICA engagement

Since the end of April 2015, the Bank has undertaken further engagement with the ICAs to provide them with greater transparency into the processes and methodology applied in delivering assessment outcomes under the Program. In particular, the Bank has presented to each of the three ICAs the revised CAT and

³⁶ Customers that were sent an update included all those who had expressed interest or registered for the Program, and had yet to formally exit the Program.

assessment guidelines following the Pilot, to facilitate their better understanding of the facts and considerations applied by the Bank to derive case assessment outcomes.

The ICAs have reviewed the revised assessment guidelines and methodology, and provided feedback to the Bank on areas where they believe the process could be refined. The Bank and the ICAs have also continued to engage in meetings and workshops to discuss counter-assessments and counter-offers where an assessment outcome had been issued. These workshops have provided the ICAs with an opportunity to further discuss the Bank's assessment guidelines and methodology, and how they were applied in the Bank's response to counter-assessments made.

5. Sample case reviews

Promontory's role in the Program requires us to review a sample of cases at different stages of the Program to determine if customers have had their cases assessed in a manner that is consistent with the Program's documented processes. In undertaking this review, Promontory not only considers whether adherence to the Program's documented processes has occurred, but also:

- whether cases have been dealt with in a manner that is consistent with the Program's objectives; and
- whether it was reasonable and practicable in the circumstances to follow the Program's documented processes.

In our Second Report, we set out the findings from our initial review of cases that had exited the Program prior to receiving an assessment outcome from the Bank. These cases included those where the customer withdrew voluntarily from the Program prior to receiving an assessment, as well as cases that the Bank had deemed ineligible for the Program. Our Second Report also set out the findings from the Pilot, which involved the review of 60 cases.

Given the increase in cases that had progressed through the Program's Assessment stage and the more structured processes that have been developed since the Pilot, we have completed our initial sampling of cases that have progressed through the Program's Assessment stage (beyond those in the Pilot). We have also completed additional sampling of cases that exited the Program prior to receiving an assessment outcome.

5.1. Scope of sampling

Our initial sampling of cases that have progressed through the Program's Assessment stage (beyond those in the Pilot) involved a review of 52 cases that had been issued an assessment outcome by the Bank as at 31 August 2015. This figure represents approximately 8% of all cases that had been issued an assessment outcome by the Bank as at 31 August 2015 (excluding cases in the Pilot).³⁷

Promontory's sampling included both cases that had been issued an assessment outcome prior to 30 April 2015 (i.e., those cases identified as having been issued an assessment outcome in our Second Report), as well as those where an assessment outcome was issued after 30 April 2015. We note that, during this period, the Bank's process for assessing cases had transitioned to the Program's enhanced case assessment framework (i.e., the CAT and associated assessment guidelines), which differed from the processes that were applied for cases assessed earlier in the Program (where the assessment processes used were similar to those adopted in the Pilot).

During the period between 30 April 2015 and 31 August 2015, we also sampled additional cases that exited the Program prior to having an assessment outcome issued by the Bank. These cases included:

³⁷ When the 60 Pilot cases we reviewed previously are taken into account, Promontory's sampling to date for all cases that had progressed through the Program's Assessment stage as at 31 August 2015 is more than 16% of the relevant case population.

- **Customer withdrawals** (i.e., cases where the customer had opted out of the Program): We reviewed 269 cases in our sample of this population, representing all cases (100% of the population) that were identified by the Bank as a customer withdrawal between 30 April 2015 and 31 July 2015.³⁸
- **Ineligible cases** (i.e., cases deemed ineligible for the Program by the Bank): We reviewed nine cases in our sample of this population, including two new cases (since our Second Report) that were deemed ineligible at the Program's Registration stage (100% of the population), and seven cases that were deemed ineligible prior to the Program's Registration stage (approximately 10% of the population).
- **Administrative exits** (i.e., cases removed from the Program by the Bank on administrative grounds): We reviewed 42 cases in our sample of this population, representing approximately 10% of all cases removed on administrative grounds due to the customer having not returned a *You and Your Advice* form (or other documents requested by the Bank) within one year from the date of registration or expression of interest. We have not yet sampled any cases that were removed by the Bank on the grounds that the case was "non-genuine" (397 cases as at 31 August 2015).³⁹

5.2. Approach to reviewing cases

5.2.1. Cases progressed through the Assessment stage

Our review of the 52 cases that had progressed through the Assessment stage (i.e., cases where the Bank had issued an assessment outcome to the customer) involved a review of the Bank's records of assessment against the Program's documented processes that applied at the time of the Bank's assessment. These documented processes included assessment guidelines, methodology and compensation method documents that set out how the Bank would assess advice in the Program – taking into account the legal and regulatory requirements that applied at the time of the advice. Promontory's approach sought to identify evidence from the Bank's recorded assessments that cases were assessed in a manner that was consistent with the relevant documented processes.

Given that Promontory had yet to complete any review of cases progressed through the Assessment stage in our Second Report (outside of the Pilot), our sampling for this period involved reviewing cases assessed by the Bank both prior to, and after, 30 April 2015. We found that cases that were assessed prior to late May 2015 were assessed according to processes that were similar to those adopted in the Pilot. From late May 2015, most cases were assessed according to the enhanced case assessment framework developed following the Pilot, which involved the recording of case assessments using the CAT.⁴⁰

³⁸ We have yet to sample cases that were identified as customer withdrawals by the Bank in August 2015.

³⁹ As discussed further in Section 5.3.4 below, we were only notified of these "non-genuine" administrative exits towards the end of August 2015, which limited the time we had to conduct a sample review of these cases.

⁴⁰ A number of cases assessed after late May 2015 (approximately 80) were assessed using processes similar to those adopted in the Pilot, given the more limited capabilities of the CAT at that time. The second release of the CAT (discussed in Section 4.4.1) sought to address these limitations.

From the sample of 52 cases we reviewed in this period, we reviewed:

- 18 cases that were assessed using processes that were similar to those adopted in the Pilot, covering approximately 10% of the relevant population; and
- 34 cases that were assessed using the Bank's revised case assessment framework and CAT, covering approximately 7% of the relevant population.

Our findings in relation to both these cohorts of cases are set out in Section 5.3.1 below.

5.2.2. Case exits

For cases that were identified as customer withdrawals or ineligible by the Bank, we applied the same approach to that set out in our Second Report in our sample review. In particular, for those cases identified as customer withdrawals by the Bank during the period between 30 April 2015 and 31 August 2015, our review involved:

- reviewing relevant correspondence between the Bank and the customer (including written correspondence, call logs and other customer files on the Bank's advice remediation system) to evidence a customer's request to withdraw from the Program; and
- confirming that the Bank wrote to customers who elected to opt-out of the Program whenever practicable and reasonable.

For cases that were deemed ineligible for the Program by the Bank, our review involved:

- reviewing any applicable information that was attached to the case that could indicate the customer should, in fact, have been eligible for the Program; and
- confirming that the Bank wrote to each customer informing them of their ineligibility for the Program and providing customers with the opportunity to have their concerns reviewed through other avenues (e.g., the Bank's internal complaints handling department or FOS).

For cases that were removed from the Program by the Bank on administrative grounds, our review sought to confirm that the basis on which they were removed, and the process that was applied in making that assessment, were consistent with the Program's rules and documented processes. For example, the Bank's documented processes require that customers be provided with at least one year to return their *You and Your Advice* form (from the date in which they first registered or expressed interest in the Program) before the Bank can remove their case from the Program on administrative grounds. The Bank's documented processes also require that the Bank attempt to contact customers twice (via alternative communication mediums where possible) to remind them to provide the information requested, before their case can be removed.

Our findings from our review of each category of case exits are set out in Sections 5.3.2 to 5.3.4 below.

5.3. Sample findings

5.3.1. Cases progressed through the Assessment stage

As noted earlier, our sampling of cases that had progressed through the Assessment stage involved a review of two cohorts of cases – those that were assessed using processes that were similar to those adopted for the Pilot, and those that were assessed more recently using the Program's enhanced case assessment framework.

Of the 18 cases that we reviewed as part of our sample of cases assessed using processes that were similar to those in the Pilot, we found that the Bank had adhered to the Program's documented processes in all but one case. The one case where we found an exception related to a case where we assessed the Bank to have not undertaken a re-assessment of the asset allocation of the customer's investment portfolio in accordance with the Program's documented processes. In particular, we found that the Bank had not strictly complied with its documented processes when identifying and assessing reasons why the asset allocations within the customer's advised investment exceeded the allowable exposure limits to asset classes.⁴¹

Of the 34 cases that we reviewed as part of our sample of cases assessed using the enhanced case assessment framework developed by the Bank, we found that the Bank had adhered to the Program's documented processes in all but two cases. The two cases where we found an exception involved instances where the customer was inadvertently placed into an investment product that differed from the product which had been recommended in the Statement of Advice agreed with the customer. In both these cases, the Bank's assessment did not identify the difference between the actual product that was invested in, and the product that had been recommended in the Statement of Advice.⁴²

Each case where we identified an exception involved deviations from the Bank's processes. We highlight that the exceptions do not necessarily result in a customer's assessment outcome or offer of compensation being adversely impacted. A separate assessment is required to determine whether the customer's assessment outcome or offer of compensation requires change. In the event that a customer's assessment outcome or offer of compensation requires change, the Bank has confirmed that it will notify the customer of the change, and offer any compensation due (even in circumstances where the customer has exited the Program).⁴³

Beyond the exceptions we identified in this initial sample, our review also identified opportunities where the Bank's assessment processes could be further refined to reduce the risk of inconsistent treatment of cases. In particular, we found that the assessment of fees could be further refined to include scenarios that are not currently catered for in the Program's documented processes (e.g., instances where a customer reduces the amount they invest after having agreed to invest a higher amount in a record of advice). The Bank has

⁴¹ The allowable exposure limits to asset classes are determined by reference to a customer's risk profile.

⁴² We note that in both these cases the two products had similar names, which made the difference difficult to detect. We also note that, in each case, the incorrect product invested in was only one of multiple products that formed part of the adviser's overall recommendation. We did not identify any exceptions to the Bank's assessment of other aspects of the advice in relation to these cases.

⁴³ The Bank has indicated that it has subsequently completed a separate assessment to determine whether there was an impact on the customers' assessment outcomes for two of the cases where we identified an exception. The Bank has confirmed that, for these two cases, changes to the customers' assessment outcomes are required, and the Bank was in the process of notifying these customers of the change and offering the relevant compensation due. The remaining case where we identified an exception was still in the process of having a separate assessment conducted by the Bank.

confirmed that it will proactively work towards refining its processes in light of our findings, and identify ways in which its approach could be strengthened to mitigate any potential impact on assessment outcomes.

Notwithstanding the exceptions we identified, our overall view of the Bank's assessment of the cases sampled is that the Bank has made significant efforts to apply the Program's documented processes in a fair and consistent manner. The exceptions that we have identified so far have related to specific elements of the overall assessment process, and we found no evidence of systemic or major failures in the way cases were being assessed. That is, we do not consider the exceptions we have identified as undermining the Bank's objective of assessing cases in a manner that is materially consistent with the Program's documented processes and objectives.

We also note that, while we found more exceptions from the cohort of cases that were assessed using the Program's enhanced case assessment framework relative to the earlier assessment processes (i.e., two from a sample of 34 cases compared with one from a sample of 18 cases), we remain of the view that the Program's CAT and associated framework facilitates more consistent and comprehensive case assessments. In particular, it is our view that the CAT makes it easier for us to verify whether cases have been assessed consistently in accordance with the Program's processes and objectives.

5.3.2. Customer withdrawals

From our review of the 269 cases of customer withdrawals in the period between 30 April 2015 and 31 July 2015, we found no material exceptions in relation to the Bank's treatment of these cases against the Program's documented processes. For each case, we found evidence from the information we reviewed that the person who was recorded as having registered or expressed interest in the Program advised the Bank of his/her request to withdraw from the Program.

Our review of the 269 customer withdrawal cases also found that the Bank had sent written confirmation of the customer's decision to opt-out of the Program required under the Bank's processes in all but one case. With respect to the one case, the Bank indicated that a letter confirming the customer's withdrawal had been sent in September 2015.

The 269 cases that we reviewed as part of our sample encompassed all cases that were identified as having withdrawn from the Program between 30 April 2015 and 31 July 2015. As noted earlier, we have yet to review any cases that were identified as having withdrawn in August 2015. Given that the findings from our most recent review provide us with confidence that the Bank's processes are being adhered to for customer withdrawal cases, we plan to undertake a smaller sample size for these cases going forward.

5.3.3. Cases deemed ineligible

Promontory sampled nine out of the 65 cases that were deemed ineligible by the Bank in the period between 30 April 2015 and 31 August 2015. This sample included the two new cases that had been deemed ineligible by the Bank at the Program's Registration stage since our Second Report, and seven of the 63 cases that had been deemed ineligible prior to the Registration stage.

Our review of the seven cases in the latter category confirmed that each of the cases related to customers who were inadvertently invited to register for the Program as part of the Bank's extended customer contact awareness initiative in early 2015. The customers in this category had responded to the Program's direct mail-out by expressing interest in the Program, but were subsequently found not to have received advice from

CFPL or FWL during the Review Period.⁴⁴ We found no material concerns with the Bank's decision to classify these seven cases as ineligible.

We also found no material concerns with the Bank's decision to classify the other two cases deemed as ineligible at the Program's Registration stage. In each of these cases, there was no evidence from the information we reviewed to suggest that the customer had received advice from CFPL or FWL during the Review Period.

Of the nine cases deemed ineligible that we reviewed, we found that the customers had been provided with written confirmation from the Bank notifying them that their case would not be reviewed as part of the Program. The written confirmation sent by the Bank also invited the customer to discuss any advice concerns with the Bank's internal complaints handling department.

5.3.4. Cases removed from the Program on administrative grounds

From our review of the 42 cases that had been removed from the Program on administrative grounds due to the customer having not returned a *You and Your Advice* form within one year from the initial registration or expression of interest, we found no material exceptions with the Bank's adherence to its documented process in all cases we reviewed. In each of these cases, the information we reviewed found:

- evidence that the customer had registered their interest in the Program more than a year prior to 31 July 2015;
- evidence that the Bank had attempted to reach the customer at least twice, to request the information needed for the case to proceed in the Program; and
- no evidence to suggest that the customer responded to the Bank's request for information.

The Bank had also identified that five of the 402 cases in this population would potentially require re-instatement into the Program (e.g., for customers who had been provided with additional time to submit their *You and Your Advice* form, and did so within the relevant timeframes). Promontory plans to monitor these five cases to ensure that each are re-instated into the Program where the customer has responded to the Bank's request for information within the specified timeframes.

In addition to the 402 cases that were removed on administrative grounds due to the customer having not returned a *You and Your Advice* form within the required timeframe, the Bank also removed a further 397 cases from the Program in the period between 30 April 2015 and 31 August 2015. These 397 cases were classified by the Bank as "non-genuine". In three of the cases, the Bank assessed that the person never genuinely intended to register for the Program. The balance of the 397 cases were classified as non-genuine on the basis that investigations by the Bank had indicated that the expression of interest or registration was made by a person (other than the customer) without the customer's consent, with one of the following conditions also applying:

- the customer had informed the Bank that they did not want to participate in the Program;

⁴⁴ The Bank proactively managed these cases by calling and/or writing to the affected customers to clarify that they were not, in fact, eligible for the Program once it was aware of the inadvertent mail-outs.

- the customer had not responded to the Bank's invitation to participate in the Program; or
- the Bank had no contact details for the customer.

We have yet to review any of the 397 non-genuine cases that were removed from the Program by the Bank as at 31 August 2015. These cases were only removed towards the latter part of August 2015, limiting the time we had to conduct any sample review of these cases. The Bank has indicated that there are likely to be additional cases that will be removed on similar grounds in the coming months. Promontory will undertake a sample review of these cases and will report on our findings in our next report.

5.4. Future sampling

Promontory's initial sampling of cases in each of the categories noted above has involved applying a simple, judgement-based methodology to determining sample sizes. In general, we have sought to undertake an initial sample of more than 5% in most populations, while applying a 100% sample to those cases that have exited and are relatively straight-forward to review.

As noted in our Second Report, Promontory's intention is to apply a statistical, risk-based methodology to determining our sample sizes. Given some limitations in extracting the relevant case attributes prior to the Bank completing its assessments, however, we were not able to adopt this approach for this reporting period.

We expect that, as further case assessments are completed, we will be able to identify those segments of the population that may exhibit higher risk attributes, and warrant greater attention in our sampling. We also expect that, as the Bank completes additional case assessments and refines its processes for the analysis of case assessment data, we will have available the relevant case attributes to apply a risk-based methodology.

Consistent with the approach we set out in our Second Report, where we find exceptions in relation to the Bank's adherence to documented processes, we will undertake additional sampling using statistical methods, where possible.

Appendix 1: Program stages

The following table sets out a description of each stage of the Program. These descriptions form the basis in which the statistics presented in this Report have been presented.

| Program stages | Description |
|-------------------------------------|--|
| Expression of Interest | Refers to cases that had notified the Bank of their interest to participate in the Program on or after 23 January 2015. Prior to this date, all cases that had registered interest to participate in the Program were classified as “registrations”. |
| Registration | Refers to cases that had: <ul style="list-style-type: none"> Notified the Bank of their interest to participate in the Program prior to 23 January 2015; or Expressed interest in the Program on or after 23 January 2015, where the customer had returned a <i>You and Your Advice</i> form to the Bank. <p>At the Registration stage, the Bank undertakes an assessment of a customer’s eligibility to participate in the Program.</p> |
| Assessment | Refers to cases that had been confirmed as eligible for the Program by the Bank and where case assessment had commenced. |
| Consideration of Assessment Outcome | Refers to cases in the Program where an assessment outcome had been issued by the Bank and was under consideration by the customer. |
| Independent Panel Review | Refers to cases where the Bank’s final assessment outcome had been rejected by the customer and the case had been escalated to the Independent Panel. |

The following table describes the broad categories of exits that occur at different stages of the Program:

| Exit stage | Description |
|---------------------------------------|--|
| Prior to Registration stage | Refers to cases that had expressed interest in the Program on or after 23 January 2015, and had withdrawn from the Program prior to the customer returning a <i>You and Your Advice</i> form to the Bank. This category also includes cases that had been removed or deemed ineligible for the Program by the Bank prior to the customer returning a <i>You and Your Advice</i> form to the Bank. |
| Exits at Registration stage | Refers to cases that had withdrawn from the Program prior to assessment (for cases registered prior to 23 January 2015), and cases that had withdrawn from the Program after a <i>You and Your Advice</i> form was returned to the Bank (for cases that expressed interest on or after 23 January 2015). This category also includes cases that had been removed or deemed ineligible for the Program by the Bank. |
| Exits after assessment outcome issued | Refers to cases that had withdrawn from the Program after an assessment outcome had been issued by the Bank. This category includes customers who had accepted an offer of compensation, or otherwise withdrawn from the Program without seeking a further assessment from the Independent Panel. |



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