



Commonwealth Bank

Open Advice Review program

Initial Report

Prepared by Promontory

19 December 2014

Promontory Financial Group Australasia
Level 32, 1 Market St | Sydney, NSW, 2000
+61 2 9275 8833 | promontory.com



Disclaimer

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 initial Report provides a summary of the Program design and steps taken to implement it. The Report also provides an update on the number of customers registered.

A legal representative of the Bank reviewed a draft of the 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 the 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.

Contents

1. INTRODUCTION	2
2. OVERVIEW OF THE OAR PROGRAM	4
2.1. KEY FEATURES	4
2.2. THE REGISTRATION PROCESS	8
2.3. PROGRAM DOCUMENTS AND GUIDELINES	8
2.4. THE ROLE OF THE INDEPENDENT PARTIES	9
2.4.1. <i>Independent Customer Advocates</i>	9
2.4.2. <i>Independent Review Panel</i>	10
2.4.3. <i>Consultant Expert Adviser</i>	10
2.4.4. <i>Independent Forensic Expert</i>	11
2.4.5. <i>Independent Expert</i>	11
2.5. PREVIOUS REVIEWS	12
3. STEPS TAKEN TO IMPLEMENT THE OAR PROGRAM	14
3.1 PROGRAM INFRASTRUCTURE	14
3.1.1 <i>People and governance</i>	14
3.1.2 <i>Systems and facilities</i>	19
3.2 PROGRAM AWARENESS STRATEGY	22
3.2.1 <i>Awareness strategy</i>	22
3.2.2 <i>Program awareness initiatives undertaken</i>	24
3.3 INDEPENDENT PARTY APPOINTMENTS AND INPUT INTO THE PROGRAM	27
3.3.1 <i>Independent Customer Advocates</i>	27
3.3.2 <i>Independent Review Panel</i>	28
3.3.3 <i>Consultant Expert Adviser</i>	30
3.3.4 <i>Independent Forensic Expert</i>	31
3.3.5 <i>Independent Expert</i>	31
4. PILOT PROGRAM	33
4.1. AIMS OF THE PILOT	33
4.2. STRUCTURE OF THE PILOT	33
4.2.1 <i>Selection process</i>	34
4.2.2 <i>Customer contact process</i>	34
4.2.3 <i>Assessment process</i>	34
4.2.4 <i>ICA involvement</i>	35
4.2.5 <i>Independent Expert involvement</i>	35
4.2.6 <i>Protecting the interests of Pilot participants</i>	35
4.3. CURRENT STATE OF THE PILOT	36
5. PROGRAM UPDATE	37
5.1 REGISTRATIONS	37
5.2 RESPONSE TO REGISTRATIONS	38
5.3 RETURNED YOU AND YOUR ADVICE FORMS	39

Abbreviations

AFS	Australian Financial Services
ARp	Advice Review program
ASIC	Australian Securities and Investments Commission
CBA/Bank	Commonwealth Bank of Australia (Group)
CEO	Chief Executive Officer
CFPL	Commonwealth Financial Planning Limited
CFS	Colonial First State
CRM	Customer Relationship Management
ESG	Executive Steering Group
FOS	Financial Ombudsman Service
FWL	Financial Wisdom Limited
ICA	Independent Customer Advocate
IFE	Independent Forensic Expert
IT	Information Technology
OAR	Open Advice Review
Panel	Independent Review Panel
Program	Open Advice Review program
Promontory	Promontory Financial Group Australasia
PSG	Program Steering Group

1. Introduction

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). The Program aims to address concerns that some financial advisers of CFPL and FWL failed to act in the best interest of customers in the Review Period.

Where customers suffered financial loss as a result of poor advice from CFPL or FWL advisers, the stated objective of the Program is "to put customers back in the position they would have been in had they received suitable advice".¹ The Program aspires to deliver fair and consistent outcomes and be transparent.²

The Program is open to any customer who received advice at any time during the Review Period from either CFPL or FWL. At the core of the Program is the Bank's assessment of the financial advice that a customer received from his/her CFPL or FWL adviser(s) during the Review Period and, where the advice led to loss, an offer of compensation. While this assessment is conducted by a specialist team of CBA staff, there are several independent checks and balances to strengthen the fairness of the outcomes for affected customers. These include:

- the option of customer representation through an Independent Customer Advocate (ICA) – selected by the customer from a group consisting of Australia's three largest customer advocacy law firms – to assist customers with the review of their assessment outcomes; and
- the option of an Independent Review Panel (Panel) to review customer assessments and offers where customers (or their ICAs) cannot reach agreement with CBA.

Participation in the Program does not diminish a customer's right to pursue matters with the Financial Ombudsman Service (FOS) or other avenues if he/she is not satisfied with the outcome under the Program.

In addition, CBA has engaged Promontory Financial Group Australasia (Promontory) as an Independent Expert to monitor, review and report on the Program and its progress. As part of our role, Promontory will review a sample of customer cases in the Program, and assess whether they are being reviewed in a manner that is consistent with the Program's documented processes and objectives. While Promontory is required to monitor that CBA applies the Program framework consistently, the independent oversight role is far from mechanical.

- First, there would be little value in attesting to adherence to a program framework that was inconsistent with the Program's objectives. Thus, Promontory has reviewed the Program framework against its objectives as it has been evolving and has made suggestions for change where we believed these were warranted. We will record in future reports if, in our opinion, implementation of the Program deviates materially from its objectives.

¹ CBA Media Release, *Statement to our customers from Ian Narev*, 3 July 2014. Refer to <https://www.commbank.com.au/about-us/news/media-releases/2014/statement-to-our-customers-from-ian-narev.html>

² Ibid.

Commonwealth Bank Open Advice Review program

Initial Report

19 December 2014

- Second, there are several key stages in the assessment process in which judgement will be involved. As part of our sample analysis, Promontory will also review the consistency of these judgements with the documented processes and objectives of the Program.

We should make clear that Promontory will have no direct contact with customers in the Program. While findings from our monitoring and review activities may result in the Bank reconsidering a customer's case assessment or offer of compensation, we will have no role in, or responsibility for, individual assessments or offers of compensation.

This initial Report provides an update on the Program since its announcement in July 2014. In preparing this Report we note that there may have been expectations within the community that the Program would be implemented quickly and that offers of compensation might have commenced by now. In practice, the establishment of the Program framework is materially more complex than previous remediation programs conducted by the Bank. The customer-initiated nature of the OAR program, the size and time frame involved, and the need to deal fairly and consistently with arising issues, required a comprehensive, well-designed approach on a different scale to previous programs. These challenges and the ways in which they have been addressed are reported in greater detail below.

Given that the Program has yet to complete formal assessment of customer cases, this initial Report contains no findings in relation to sampling of customer case files. It focuses instead on the measures that have been taken by CBA to design and implement the Program (Section 3 of this Report), including the Program's infrastructure, and the commencement of a Pilot Program to test the assessment methodologies that will apply under the Program (Section 4). The Report also provides an update on the number of customers who have registered for the Program, and the progress that has been made in contacting customers and confirming the advice that they received (Section 5). In all aspects reported, both with respect to the Program design and numbers of participants, we have exercised reasonable due diligence to verify and validate facts and interpretations.

Promontory's future reports will provide further updates on the Program's progress, including the number of cases that have progressed through various stages of the Program, and the compensation offered under the Program. They will also include the findings of our sample reviews.

Promontory expects to publish our next report in May 2015, which will cover developments in the Program up to the end of April 2015.

2. Overview of the OAR program

2.1. Key features

The Chief Executive Officer (CEO) of CBA, Ian Narev, announced the OAR program on 3 July 2014. This announcement marked the start of the Program.

Customers wishing to participate in the Program have until 3 July 2015 to register with CBA. The Program is expected to run well beyond the close of registration given the time that will be required to assess each customer's unique circumstances, the time needed to complete each stage of the Program, the number of customers who have registered for the Program to date, and the potential for additional registrations up to 3 July 2015.

As noted, the OAR program is unusual insofar as any customer may initiate review of advice received from a CFPL or FWL adviser during the Review Period. In our experience, remediation programs in Australia and overseas more typically start with the identification of problem advisers and practices, with a targeted look back at the customers of only those advisers/practices.

Key features of the Program from the customers' perspective are set out in Table 2.1.

Table 2.1: Key features of the OAR program

Feature	Description
Eligibility for the Program	<p>The Program is open to any customer of CFPL or FWL who received financial advice between 1 September 2003 and 1 July 2012. Customers who have concerns about the appropriateness of the financial advice they received are encouraged to participate in the Program and have their advice assessed by a specialist CBA team.³</p> <p>Customers who have previously received a review of their advice and accepted an offer of compensation from CBA for poor financial advice remain eligible for the Program. The Bank has agreed to make concessions in relation to limitation periods for these customers so that they are not disadvantaged by participating in the Program. For example, the Bank has agreed not to rely on any limitation defence where a customer has: i) participated in the Program in good faith; ii) has a limitation period expiring on or after 3 July 2014 (the date the Program was announced); and iii) commences a claim against the Bank within six months of the customer exiting the Program.</p> <p>Customers who are eligible to have their cases reviewed under the new licence conditions to CFPL and FWL (refer to Box 1 in Section 2.4 below) may also have their cases assessed under the Program. Such customers will have the option of having</p>

³ It is important to understand that, although CBA requests customers to express their concerns about the advice they have received, failure to identify a specific concern does not result in ineligibility for the Program. Customers who have received advice from an adviser of CFPL or FWL between 1 September 2003 and 1 July 2012, will be eligible to have their advice reviewed under the OAR program.

Commonwealth Bank Open Advice Review program

Initial Report

19 December 2014

Feature	Description
	<p>their advice assessed in addition to, or instead of, the processes in the new licence conditions of CFPL and FWL.</p> <p>A person may also register on behalf of a customer. This provides the opportunity for trustees, executors and other authorised people to have a customer's advice reviewed under the Program.</p>
Cost to customers	<p>Participation in the Program is entirely voluntary and at the customer's initiative. There will be no fees or charges to customers for participating in the Program. Where a customer chooses to receive the support of an ICA to review their assessment outcomes, CBA will meet the costs associated with a customer's use of ICA services under the Program.⁴</p>
Registration	<p>Registration for the Program can be made through any one of three avenues:</p> <ol style="list-style-type: none">1. Phone: by calling the toll-free Program number 1800 507 2812. Online: by completing the online registration form at www.commbank.com.au/openadvice3. Mail: by writing to Commonwealth Bank Open Advice Review program PO Box 20785 World Square, NSW, 2002
Case review process	<p>Persons registering for the Program will have their cases reviewed by a specialist CBA team, provided they qualify for the Program. CBA will determine qualification by confirming that the person registering (or registered by a representative) was, in fact, a customer of CPF or FWL and received financial advice from an adviser of CFPL or FWL during the Review Period.⁵</p> <p>Once a customer is confirmed as qualifying, and therefore eligible for having his/her advice assessed under the Program, the specialist team will bring together the documents that relate to the financial advice received by the customer (including any information provided by customers), and complete a review of the appropriateness of the advice at the time it was provided. The customer will also be assigned a Review Manager who will be the main contact person for the customer throughout the Program.</p>

⁴ A customer may nominate an authorised person (that is not an ICA) to act on his/her behalf. Costs associated with using such an authorised person (e.g., fees paid to a customer's solicitor who is acting as the authorised person) will not be reimbursed by CBA.

⁵ Promontory will report on any instances where we identify customer qualification has been determined incorrectly by the Bank in our future reports.

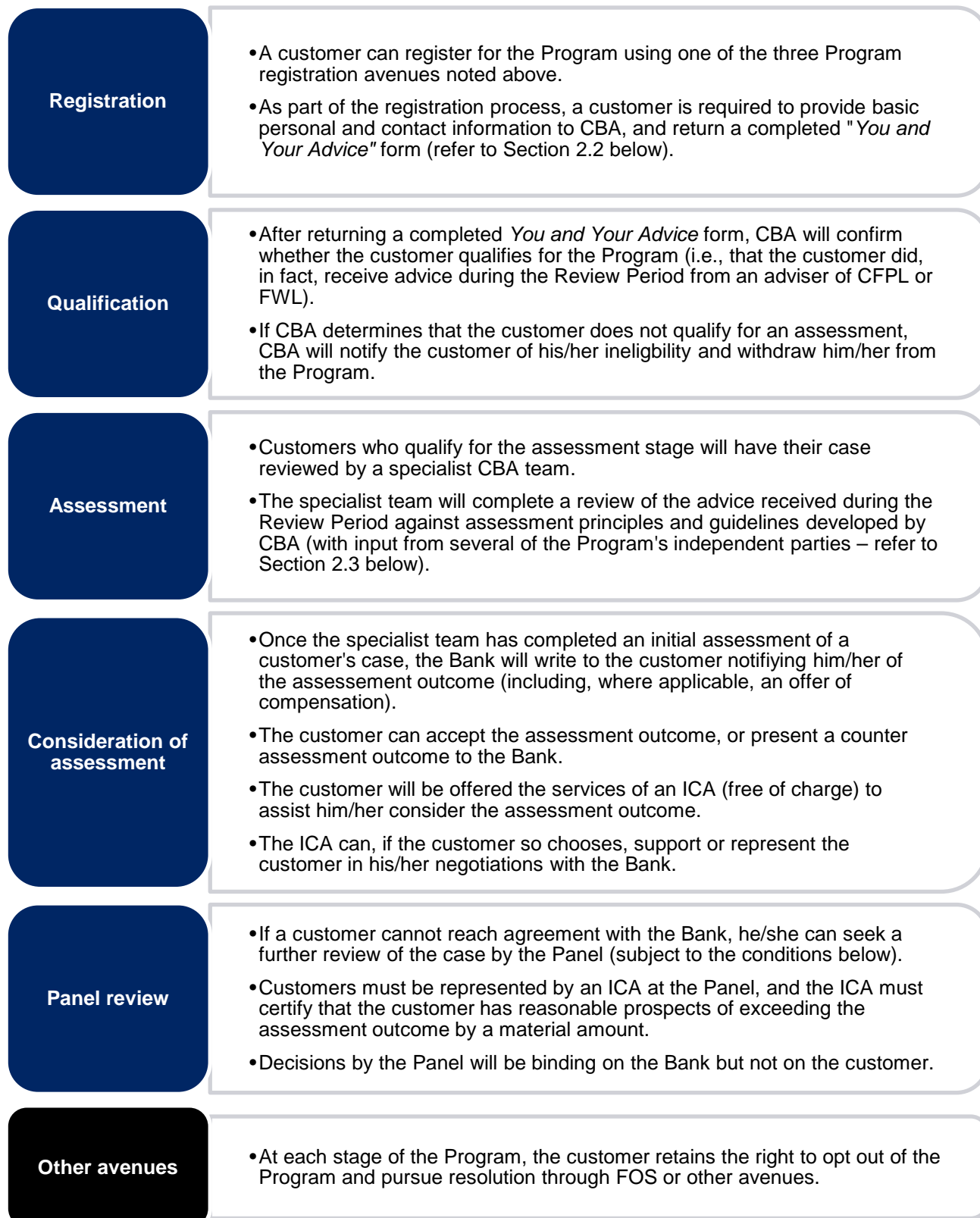
Commonwealth Bank Open Advice Review program

Initial Report

19 December 2014

Feature	Description
	<p>Following assessment of the customer's case by the specialist team, CBA will write to the customer, outlining the assessment of the advice received (assessment outcome). The letter will include CBA's assessment of whether poor advice was provided, whether financial loss resulted from that advice and whether compensation will be offered. The letter will also offer the customer the option of appointing the services of an ICA (selected from a list of three major law firms) to help him/her review the assessment outcome.</p> <p>Customers who are not satisfied with their assessment outcome have the option of seeking a further review by an Independent Review Panel. Any customer seeking review by the Panel must be represented by an ICA, and will need to discuss with the ICA the merits of the assessment outcome and the prospects of receiving a different outcome if the case is reviewed by the Panel. Only where the ICA certifies that a customer has reasonable prospects of exceeding the assessment outcome by a material amount will the customer's case be reviewed by the Panel.</p> <p>Decisions made by the Panel will be binding on CBA but not the customer. At all times, the customer retains the right to opt out of the Program (including rejecting assessments by CBA and the Panel) to pursue resolution through FOS or other channels. The Bank has also made a number of concessions to customers who wish to lodge a dispute with FOS so that they are not disadvantaged should they wish to pursue this avenue.</p> <p>A diagram summarising the various stages of the Program is provided below (see Figure 2.1).</p>
Independent processes and oversight	<p>As noted in the introduction to this Report, an important element of the Program is the involvement of a number of independent external parties to oversee the design, implementation and outcomes of the Program. Each independent party has a specific role within the Program, as discussed in further detail in Section 2.4 below.</p> <p>The appointment of the independent parties aims to strengthen the fairness and integrity of the Program and its outcomes. The parties have each attested that they have no conflicts of interest that could affect the independent exercise of their responsibilities under the Program.</p>
Transparency	<p>Promontory's role and periodic reporting provides a measure of assurance and transparency regarding the Program's outcomes.</p> <p>CBA has committed to provide customers, at their request, information necessary to understand the basis for the assessment made by CBA's specialist team. Such information will also be available to the customer's ICA to support consideration of, and any decision with respect to, the assessment outcome.</p>

Figure 2.1: Program stages



2.2. The registration process

Persons registering for the Program are required to provide basic personal and contact information as part of the registration process. This information allows CBA to verify customer identification, match products and advice, and establish contact details for the duration of the customer's participation in the Program. Information requested as part of the registration process includes:

- the customer's personal and contact details (name, phone number and email);
- whether the registrant is acting on behalf of someone else (and if so, the name of the customer on whose behalf they are acting);
- the customer number or account number;
- the name of the adviser(s) and the adviser group (CFPL or FWL) from which the customer received advice; and
- the period in which the customer received financial advice.

The customer is also invited to provide details of any specific concerns that they may have with the financial advice received, although this information is not mandatory for the purposes of registration. After a customer registers for the Program, CBA determines whether there are any duplicate registrations. Suspected duplicates are peer reviewed by senior project staff members before being removed from the Program.

After the registration is determined to be unique, CBA contacts the customer (via phone or email) to confirm registration and send through an information pack (by courier, express post or email). The information pack has some tailoring depending on the customer circumstances (e.g., joint customers or where the registration relates to a customer's estate). The information pack includes additional detail about the Program, a *You and Your Advice* form, and an Authority form for customers choosing to nominate another person to represent them in the Program.

The *You and Your Advice* form must be completed by the customer and returned to CBA to confirm participation in the Program.⁶ The form confirms the customer's contact details, and seeks further information about the advice and products received, the customer's concerns in relation to this advice, and what the customer hopes to achieve in registering for the Program. Customers who do not provide sufficient information in the *You and Your Advice* form may be required to provide additional information to CBA before their advice is reviewed in the Program.

Customers are also required to submit proof of identity for privacy and security reasons.

2.3. Program documents and guidelines

As part of the Program build phase, CBA has developed and documented a number of guidelines that will govern the implementation of the Program. These guidelines are set out in a series of Program documents that provide further details about:

⁶ CBA will attempt to follow-up with any customer who has yet to complete and submit a *You and Your Advice* form.

- how the Program will be administered;
- the rules and processes that will apply at each stage of the Program (registration, qualification, assessment, consideration of assessment and Panel review);
- the principles that CBA will adhere to when assessing the appropriateness of a customer's advice, including how any offer of compensation will be calculated;
- the rights of CBA, customers and other relevant parties in the Program; and
- the communication protocols that will apply between CBA, customers and the independent parties during the operation of the Program.

These Program documents are intended to provide guidance to the various parties involved in the Program. They are intended to strengthen the consistency and fairness of outcomes, as a customer's case is progressed through each stage of the Program. The Program documents provide clarity and rigour around how various aspects of the Program will be implemented and how judgement will be applied in assessing each customer's case. The documents do not, however, constitute a legally binding agreement between CBA and customers in the Program.

The Program documents that have been developed by CBA have benefitted from the input of the ICAs, the Panel, and Independent Expert. Each of these parties has provided comments and input into the Program documents to help strengthen the integrity of the Program's processes and their alignment with the Program's objectives.

2.4. The role of the independent parties

As noted earlier, a number of independent parties have been appointed to the Program. Given that the assessment of advice will be conducted by a specialist CBA team, independent scrutiny and assurance is essential in providing checks and balances over the integrity, fairness and consistency of assessment outcomes.

An overview of the independent parties, and their respective roles in the Program, is set out below. Section 3.3 of this Report provides further details about the involvement of the independent parties in the Program's build, and the activities that each independent party will undertake as the Program progresses.

2.4.1. Independent Customer Advocates

Three of Australia's largest customer advocacy law firms were appointed on 31 October 2014 as ICAs to support individual customers through the Program.⁷ The three appointed law firms are:

- Maurice Blackburn;
- Shine Lawyers; and

⁷ Refer to <https://www.commbank.com.au/about-us/news/media-releases/2014/commonwealth-bank-appoints-independent-customer-advocates-and-expands-customer-contact-program.html>

- Slater and Gordon.

The role of the ICAs is to provide individual customers in the Program with access to expert assistance in their review of assessment outcomes. If requested by the customer, an ICA can support and represent the customer in discussions with CBA. Where the customer seeks review by the Independent Review Panel, the customer is required to use an ICA. The case will only be reviewed by the Panel after the ICA has certified that the case warrants review by the Panel (i.e., that the customer has a reasonable prospect of exceeding the assessment outcome by a material amount). The ICA then represents the customer as part of the Panel's review.

2.4.2. Independent Review Panel

The Independent Review Panel is responsible for assessing individual customer cases where a customer (or his/her ICA) cannot reach agreement with CBA on an assessment outcome. The Panel will review individual cases and determine whether compensation is payable (and, if so, how much). The Panel's decisions are binding on CBA but not customers.

The Independent Review Panel will be chaired by the Hon Ian Callinan AC, who was appointed Chair of the Panel on 11 July 2014.⁸ Mr Callinan is a former Justice of the High Court of Australia who has served in numerous roles over the past five decades in relation to justice and equity for individuals in Australia and abroad, including in similar financial planning remediation actions.

The two other members of the Panel are the Hon Geoffrey Davies AO and the Hon Julie Dodds-Streeton QC. Both these Panel members were appointed on 24 August 2014.⁹ Mr Davies is the Deputy Chair of the Panel. He is a former judge of the Queensland Court of Appeal. Prior to that, he was a leading Senior Counsel and Solicitor-General for the State of Queensland. Ms Dodds-Streeton is a former Judge of the Federal Court, who has previously served as trial judge and Justice of Appeal for the Supreme Court of Victoria.

2.4.3. Consultant Expert Adviser

Ms Fiona Guthrie was appointed as a Consultant Expert Adviser to the Independent Review Panel on 24 August 2014.¹⁰ Ms Guthrie is currently the Executive Director of Financial Counselling Australia and is a member of the Australian Competition and Consumer Commission's Consumer Consultative Committee. She has had an extensive career as an advocate for consumers of financial services, and was previously a Director of the FOS and Chair of the Consumer Advisory Panel to ASIC.

In her role as Consultant Expert Adviser, Ms Guthrie will provide assistance to the Panel, at its request, on any issue that the Panel may need expert advice. Ms Guthrie will also provide expert assistance to the Program on how it can best meet the needs of vulnerable consumers and those in financial or other difficulties.

⁸ Refer to <https://www.commbank.com.au/about-us/news/media-releases/2014/the-hon-ian-callinan-ac-appointed-chairman-of-the-independent-review-panel-for-commonwealth-banks-open-advice-review-program.html>

⁹ Refer to <https://www.commbank.com.au/about-us/news/media-releases/2014/Commonwealth-Bank-makes-further-appointments-to-the-Open-Advice-Review-Program.html>

¹⁰ Ibid.

2.4.4. Independent Forensic Expert

McGrathNicol was appointed as the Program's Independent Forensic Expert (IFE) on 24 August 2014.¹¹ McGrathNicol is a leading Australian advisory firm with extensive experience in forensic investigation.

As IFE, McGrathNicol's role will be to investigate any concerns about possible fraud or forgery relating to the financial advice customers received.

2.4.5. Independent Expert

Promontory was appointed as Independent Expert to the Program on 10 August 2014.¹² Promontory is a global strategy, risk management and regulatory compliance consulting firm that advises financial industry participants on regulatory and business challenges. Promontory, which has an international reputation for its expertise and independence, draws its staff primarily from former senior regulators and financial services executives and advisers.

Dr Jeffrey Carmichael AO, CEO of Promontory Financial Group Australasia, leads the Promontory team under the Program. Dr Carmichael was the inaugural Chairman of the Australian Prudential Regulation Authority, and was a member of the Wallis Inquiry into the Australian financial system.

As Independent Expert to the Program, Promontory's role is to:

- monitor the progress of the Program;
- review a sample of customer cases in the Program, and assess whether cases are being reviewed in a manner that is consistent with the Program's documented processes and objectives; and
- make its findings, along with statistics about the Program, available to the public through periodic reports.

Promontory's monitoring and reporting role aims to provide transparency, as well as a level of assurance to affected customers and others that the Program's processes are implemented fairly and consistently.

Promontory's scope of work excludes any review of the processes conducted by CBA in relation to the new licence conditions imposed on CFPL and FWL by ASIC on 8 August 2014 (refer to Box 1). ASIC has appointed a separate Independent Compliance Expert to report and oversee CBA's compliance with the new licence conditions. Promontory's scope of work also excludes a review of the measures that have been taken by CBA to transform and enhance its Wealth Management Advice business, and measures to remediate current CFPL or FWL advisers found to have provided poor advice under the Program.¹³ We make no comment on, nor express any opinions in relation to, the adequacy or effectiveness of current business practices to address previous or current concerns of poor financial advice at CBA.

¹¹ Ibid.

¹² Refer to <https://www.commbank.com.au/about-us/news/media-releases/2014/promontory-financial-group-appointed-as-independent-expert-for-commonwealth-banks-open-advice-review-program.html>

¹³ Issues that are identified with current CFPL or FWL advisers under the Program will be dealt with under CBA's Wealth Management Advice current business procedures.

Box 1: New licence conditions applying to CFPL and FWL

In August 2014, ASIC and CBA agreed to new conditions on the Australian Financial Services (AFS) licences of CFPL and FWL following concerns that compensation processes from prior remediation programs were not applied consistently across all affected customers. The new licence conditions require that more than 4,000 customers of CFPL and FWL who were reviewed under previous remediation programs be given an opportunity to have the question of compensation re-opened.

Customer remediation required under the new licence conditions will be conducted by CBA at the same time as remediation under the OAR program. Eligible customers will have the option to have their advice assessed under the OAR program in addition to, or instead of, remediation under the licence conditions. Key differences between the OAR program and licence condition remediation process include:

- the OAR program is customer-initiated (via registration) whereas the remediation under licence conditions applies to customers of specific advisers known to have provided poor advice;
- under the new licence conditions, CBA will offer affected customers up to \$5,000 for the customer to obtain advice on the assessment from a qualified independent adviser, whereas under the OAR program, the customer is provided access to an ICA selected from three of Australia's largest customer advocacy law firms; and
- the licence conditions have been agreed with ASIC, while the OAR program has been initiated by CBA.

2.5. Previous reviews

The OAR program is not the first remediation program undertaken by CBA in relation to problematic financial planning within its Wealth Management Advice business (refer to Box 2). It nevertheless has some important features that differentiate it from earlier programs. Whereas previous remediation programs focused on reviewing advice received by customers of a small number of advisers, the OAR program is customer-initiated (i.e., customers must register for the Program for their advice to be reviewed). That is, customers can seek review of advice received even where there have been no known complaints, compliance breaches or other concerns with the appropriateness of advice provided by their advisers. Compared with previous remediation programs undertaken by CBA, the OAR program covers a much larger number of advisers and potentially affected customers, and a longer Review Period. The involvement of the ICAs is also a feature that is unique to the OAR program.

Box 2: Previous remediation programs conducted by CBA

The OAR program builds upon previous remediation programs conducted by CBA, which were the subject of enforcement actions taken by ASIC.

In 2010, CFPL implemented a client compensation program to remediate customers who received advice from two former advisers of CFPL who were in serious breach of compliance requirements. Under this compensation program, CBA agreed with ASIC to contact the affected customers of each adviser, assess the advice that they received, and offer compensation where it was warranted. Affected customers were also offered up to \$5,000 to allow them to obtain independent advice to review the Bank's assessment of their circumstances.

In October 2011, ASIC accepted an enforceable undertaking from CFPL to conduct a comprehensive review of its risk management systems. As part of this enforceable undertaking, a second wider phase of customer compensation was developed to remediate customers of other CFPL advisers who had been the subject of a breach report by CFPL to ASIC. Separate to CFPL's enforceable undertaking, CBA also progressively expanded the scope of its remediation efforts to include some customers of FWL advisers who received poor financial advice. The offer to meet costs of up to \$5,000 for independent advice was not made under these latter remediation programs.

Based on the remediation programs conducted, more than 7,000 customers of CFPL and FWL have received a review of their advice, with a total of \$52 million paid in compensation to affected customers.

The different nature of the OAR program relative to previous remediation programs has raised challenges for CBA as part of the Program's build. These include challenges associated with:

- reaching out to all customers who may be eligible for participation in the Program, and raising their awareness of the Program's existence;
- verifying the scope, type and timing of financial advice provided to customers;
- retrieving all associated records and information required to assess a customer's unique circumstances – noting that some of this information is archived in hard copy rather than easily accessible electronic form;
- ascertaining the products and services actually acquired by customers following provision of advice;
- developing comprehensive and consistent assessment guidelines for identifying instances of poor financial advice, taking into account the evolving regulatory framework applying to financial advice over the Review Period; and
- constructing an appropriate compensation model where poor advice has been identified.

Addressing these challenges has taken significant effort, and has impacted the time required to prepare for the assessment of individual customer cases in the Program.

3. Steps taken to implement the OAR program

The open nature of the OAR program relative to previous remediation programs conducted by CBA has required CBA to re-build or significantly strengthen its remediation infrastructure. This section provides an overview of the steps taken by CBA to implement the Program and prepare for the assessment of customer cases going forward. It includes an overview of the people, governance structures, systems, and data management processes developed to support the Program's implementation, as well as the initiatives that have been undertaken to increase customer awareness of the Program.

Given the important role of the independent parties in the Program, further details of each independent party's appointment process and their input into the Program design phase are also covered in this section.

3.1 Program infrastructure

3.1.1 People and governance

3.1.1.1 Program team

A dedicated Advice Review program (ARp) team has been set up by CBA to work on the OAR program as well as the customer remediation processes required under CFPL and FWL's new licence conditions agreed and finalised with ASIC in August 2014.

The team, which resides within CBA's Wealth Management division, is headed by a Program Sponsor, who is an Executive General Manager with extensive experience in customer relations and dispute resolution schemes. The Program Sponsor is supported by a Program Director with over 10 years' experience working in senior positions in relationship management, complaints handling and customer remediation at CBA. Both Program leaders have previous experience in managing customer resolution schemes in Australia.

As at 27 November 2014, the ARp team included more than 250 full-time equivalent resources, of which approximately 75% were employees or contractors of CBA.¹⁴ Most team members that are employed or contracted by CBA have been sourced from other departments within CBA.

All staff members who have joined the ARp team have been subject to background and probity checks. These checks have been designed to verify the fitness and propriety of staff members involved in the Program, and include checks for criminal records, bankruptcy and other adverse history that might affect a staff member's capacity to work in the Program. All staff members have also signed a Deed Poll requiring them to disclose any conflicts of interest that may affect their work under the Program, and a non-disclosure agreement prohibiting them from disclosing confidential information gathered during the course of the Program.

3.1.1.2 Program streams

The ARp team has been allocated to eight separate work streams responsible for various aspects of the Bank's remediation programs. Each stream is led by a senior executive of the Bank who, in turn, reports to the

¹⁴ The remaining 25% of staff members in the team have been sourced from external professional service providers such as auditing and law firms.

Program Director or Program Sponsor (refer to Figure 3.2 for a diagram outlining escalation lines).¹⁵ Table 3.1 below provides a description of the responsibilities and functions of each stream.

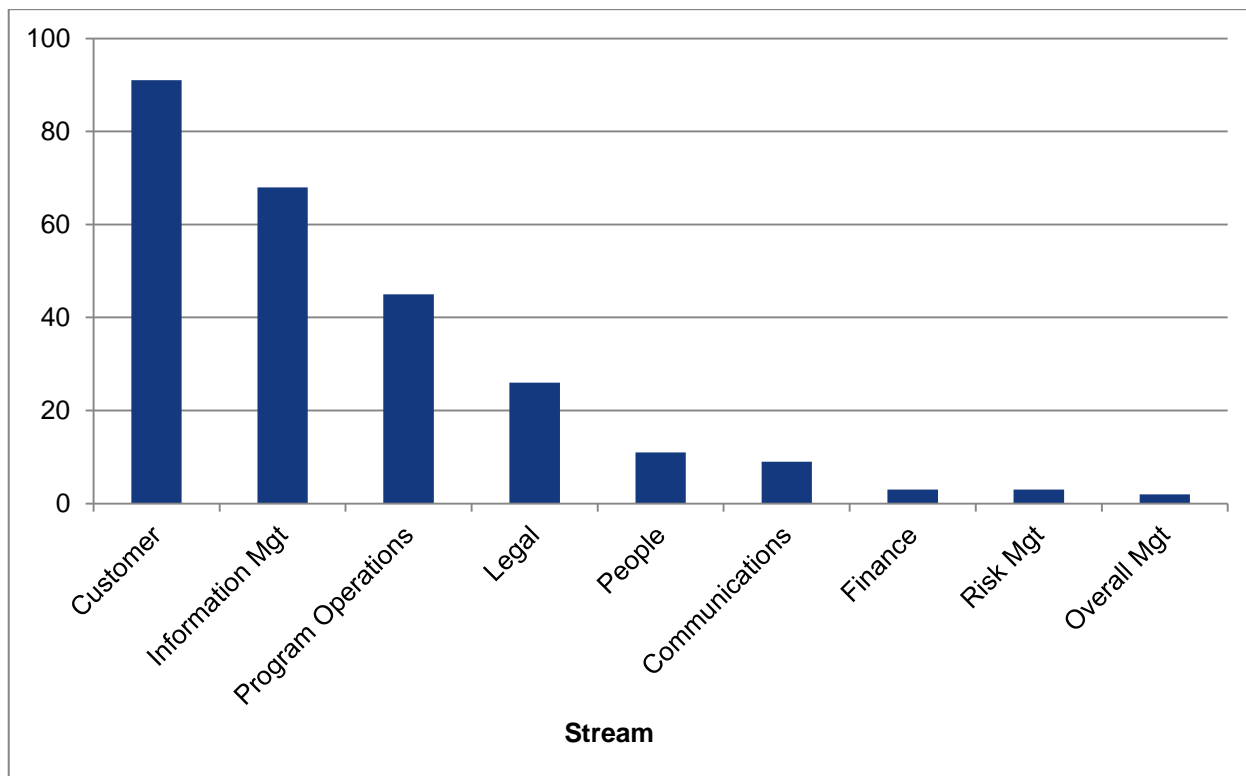
Table 3.1: Responsibilities of each stream in the Advice Review program team

Stream	Responsibilities
Customer	<ul style="list-style-type: none"> • Customer engagement (including customer contact through the call centre facility) • Managing customer interactions • Case review and assessment • Customer remediation
Information Management	<ul style="list-style-type: none"> • Managing Information Technology (IT) and workflow management systems • Maintaining customer databases • Reporting and analytics • File retrieval
Program Operations	<ul style="list-style-type: none"> • Overall project and change management • Business oversight and strategic analysis • Providing support to the various streams • Providing office and asset management
Legal	<ul style="list-style-type: none"> • Providing legal advice to the ARp team • Liaising with the ICAs and independent parties (including Promontory) • Preparing and finalising customer documentation (such as resolution agreements)
People	<ul style="list-style-type: none"> • Human resources (i.e., recruitment of staff, staff development and monitoring) • Establishing and monitoring appropriate staff culture • On-boarding and training
Communications	<ul style="list-style-type: none"> • Media releases • Customer outreach and awareness • Internal communications (within CBA) • External communications with the public, government and media
Finance	<ul style="list-style-type: none"> • Financial planning and reporting • Financial control and governance • Payments and invoicing
Risk Management	<ul style="list-style-type: none"> • Independent assurance • Risk oversight and governance

¹⁵ A number of stream leaders also have reporting lines to the relevant functional head at CBA.

As at 27 November 2014, the majority of the team’s resources were allocated to the Customer and Information Management streams (see Figure 3.1).

Figure 3.1: Numbers of staff members by Program stream (as at 27 November 2014)



The allocation of resources across the streams to date has largely reflected the work required to build the infrastructure and processes required for the Bank’s remediation programs. In particular, the build phase of the Program has required various IT systems and facilities to be developed demanding resources from the Information Management stream. The larger staff numbers in the Customer stream reflect the broad range of activities for which this stream is responsible. For example, the Customer stream includes the following:

- Call centre staff – responsible for contacting customers who have registered for the Program and, where necessary, requesting further information. All call centre staff have been drawn internally from CBA, and have had prior experience in customer relations.
- Assessment Managers – responsible for reviewing eligible customer’s cases and providing a first-round assessment of the appropriateness of advice received. All initial case assessments will be prepared and peer reviewed by staff within the Assessment team.¹⁶
- Forensic accounting specialists – responsible for assisting with the calculation of compensation where poor advice has been identified. CBA expects the forensic accounting team will be involved in more complex cases where standard compensation calculations may not be appropriate.

¹⁶ This team includes Assessment Managers who are also involved in other remediation efforts (e.g., remediation activities under the new licence conditions for CFPL and FWL).

- Review Managers – responsible for communicating and guiding customers through their assessment outcomes, once customer assessments begin. Review Managers will provide a consistent contact point for customers throughout the Program.¹⁷

3.1.1.3 Staff training and competency requirements

CBA has identified a range of general and specific competency requirements for staff in its ARp team. The general competency requirements are minimum skills and capabilities expected of all staff in the team, and have been aligned to the requirements applying across CBA. The requirements include capabilities relating to teamwork, culture, continuous improvement, effective communication and sound decision-making.

Specific competency requirements are applied to particular job families within the ARp team, and are focussed on technical competencies required to complete the relevant job. For example, specific competency requirements have been applied to Assessment Managers in the ARp team, which broadly align with the increased adviser education standards applicable to new CFPL advisers.

To assist staff members maintain the relevant skills and knowledge necessary to fulfil their obligations, CBA has developed a range of training materials, courses and forums for ARp staff members. These include:

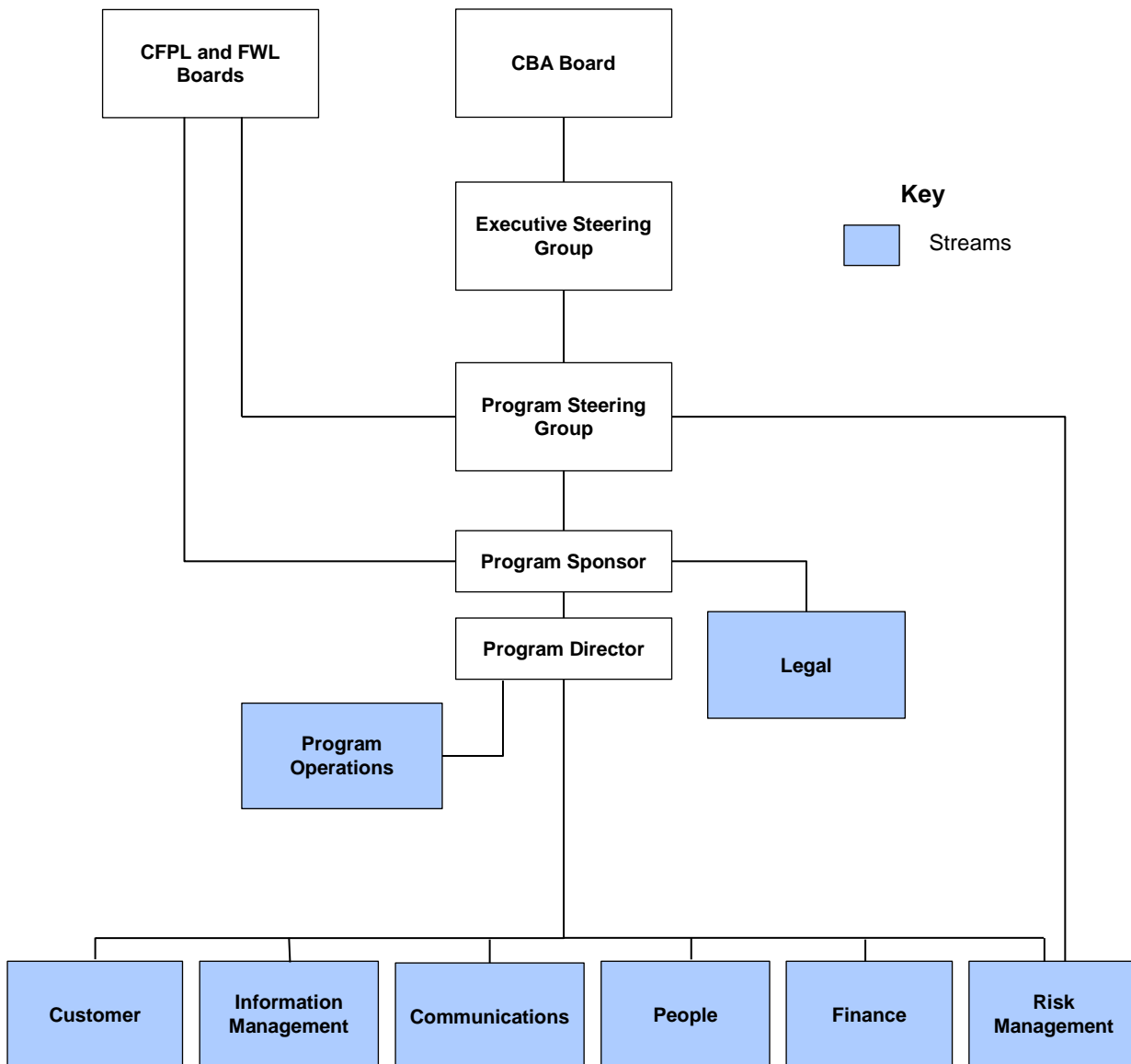
- General training, such as on-boarding training that must be completed by all ARp staff members within the first four weeks of employment. The on-boarding materials provide general information about CBA's Wealth Management business, the Program's goals, customer service expectations, work environment and key policies and processes (such as confidentiality, document management and obligations in relation to potential conflicts of interest). General training also incorporates a mandatory learning suite developed by the Bank covering core regulatory, compliance, security and safety matters.
- Specialist training designed and provided to specific job families. For example, staff in the call centre have received training on the use of the customer relationship management system to log and manage registrations, as well training on customer relations (e.g., how and when customers are contacted, scripts to follow, how to identify difficult or complex cases, and how to escalate issues).
- Regular forum updates, which provide an avenue for ARp team members to stay up-to-date with the Program's progress, and raise questions to the Program's leaders. These forums provide verbal status updates on operational matters relating to the Program, and reinforce the key messages and behavioural expectations (e.g., culture) of the Program.

3.1.1.4 Program governance

To support the oversight and execution of the OAR program, CBA has developed a governance structure that articulates the various roles, accountabilities, authorities and escalation requirements associated with the development and implementation of the Program. The key components of this governance structure are summarised in Figure 3.2 below.

¹⁷ Customers will continue to have access to call centre staff to understand the progress of their registration prior to the allocation of a Review Manager.

Figure 3.2: Program Governance Structure



At a high level, the governance structure involves:

- oversight from the Boards of CBA, CFPL and FWL on the overall Program, including advice from the respective Boards on high risk issues identified during the Program;
- overall strategic direction, sponsorship and accountability for the Program’s implementation by an Executive Steering Group (ESG), chaired by the CEO of CBA, and comprising the Group Executives of Wealth Management, Risk and Corporate Affairs/Legal, the Executive General Manager of Wealth Management Advice and the Program Sponsor;

- advice and oversight of the Program's delivery by a Program Steering Group (PSG), chaired by the head of the ARp team (Program Sponsor), and consisting of senior executives from other relevant parts of CBA (including Wealth Management Advice, Corporate Affairs, Human Resources, Risk, Finance and Legal); and
- responsibility for day-to-day execution of the Program by the ARp team, headed by the Program Sponsor and consisting of the eight Program streams noted above.

As noted earlier, responsibility for managing the delivery of the Program rests with the Program Sponsor, who is also responsible for escalating relevant issues to the PSG and ESG. Appropriate escalation triggers and authority levels in relation to issues associated with the Program have been defined by CBA, with approval from the ESG.

To facilitate transparent oversight of the Program's progress, regular reporting is provided to the executive steering groups and Boards by the Program's leaders. Since October 2014, the PSG and ESG have met on a fortnightly basis to discuss the delivery and progress of the Program, and to approve relevant funding, governance and regulatory compliance arrangements. Prior to October, more than a dozen executive liaison meetings between key members of CBA's Group Executive and the Program's leadership also took place to direct the Program's design and implementation. The CBA Board has been updated every month since the Program's commencement, while the CFPL and FWL Boards have been updated on the Program's progress on nine separate occasions.

3.1.2 Systems and facilities

As noted earlier, a number of system developments and upgrades have been required to support the implementation of the Program since its announcement in July 2014. These developments have included:

- the establishment of call centre facilities and databases to record registrations for the Program;
- the establishment of a customer relationship management (CRM) system to track and log updates relating to customer registrations and cases;
- the development of processes to match and confirm the details of customers who have registered for the Program;
- ongoing refinements and upgrades to CBA's case assessment application that will be used to record and track case assessments going forward; and
- the development of appropriate document retrieval and distribution processes and systems to:
 - (i) retrieve customer documents to inform case assessments; and (ii) share documents between relevant parties (e.g., ICAs and Independent Expert) going forward.

Each of these developments has needed to draw on additional resources from the Bank. While most of these developments have now been largely completed, ongoing refinements to certain systems and facilities may be necessary as the Program progresses.

3.1.2.1 Recording registrations

Following the announcement of the Program in early July, CBA established an interim team to receive incoming phone registrations and an online form to accept registrations directly from CBA's website. Two separate databases were established to store the details provided by customers, including a database dedicated for online registrations and a separate database used for phone registrations.¹⁸ Data from the registration process are extracted and transferred to the Program's CRM system.

In early August, the team assigned to receive calls was expanded and relocated to a dedicated call centre facility. This move was driven by the growing numbers of registrations, and plans to initiate outbound calls to customers who had registered for the Program. In early October, the call centre was relocated once again to accommodate the growing number of staff within the overall ARp team. This relocation was accompanied by an upgrade to the phone infrastructure used to make and receive calls in the Program. In particular, the upgraded infrastructure allowed for the recording of all calls made to the Program's phone line, which was not standard practice at the previous location.

3.1.2.2 Customer relationship management system

Shortly after the Program was announced and opened for the purposes of accepting registrations, an Access database with a relatively basic user interface was used as an initial CRM system for the Program. While this system provided a suitable platform for the short-term, it had limitations. CBA recognised that a more robust CRM system was required that could cater for the large number of customers who were likely to register for the Program.

In late September, CBA migrated to a new CRM system that had been tested and used in other parts of CBA to manage the Program's strategic CRM needs. This system provided significantly improved functionality and was better able to accommodate the flow of registrations. In particular, the replacement system allowed for a greater number of users, a higher volume of data and improved workflow management capabilities. For example, the replacement system enabled call centre staff to track all outbound and inbound calls, capture call notes, update customer information such as registration details, and keep a complete historical account of all contact with customers.

3.1.2.3 Matching and confirming customer registrations

As part of the registration and call-back process to customers, CBA developed processes to identify and remove duplicate registrations, and match customer data with existing CBA customer and product systems. The matching process aims first to confirm that the registered person is a customer of CBA, and then links the various accounts, products and transactions of that customer to the registration. Given that some of the data recorded in registrations are incomplete or do not exactly match details stored in CBA's systems, resources were required (and continue to be required) to complete the matching process for each registration.

A key objective of the matching process is to help CBA determine a customer's eligibility for the Program. The matching process is also critical in assisting the Bank to retrieve customer files that may be relevant for the Program. This includes details of the customer's adviser and accounts, and any parties associated with the customer (e.g., joint customers or spouses) that may be relevant to the customer's case file.

¹⁸ Mail registrations were manually entered into the phone database by CBA staff.

3.1.2.4 Ongoing enhancements

Given the open and customer-initiated nature of the OAR program, one of the key enhancements required early in the Program was the expansion of the Bank's core database to retain and store data used in the Program.

In late August 2014, CBA migrated the Program's core database from Access to an enterprise SQL database platform. The new platform is designed to allow for greater scalability, security and flexibility. It will also better cater for the use of various Program applications that will interface with the core database (such as applications used for registration, management of customer information and case reviews).

One of the key applications that will be used once case assessments begin is the advice review application. The advice review application will enable CBA's specialist team to manage, document and track a customer's case assessment. It will also assist in tracking customer correspondence and payments, and help with the production of management reporting. CBA has been exploring the requirements needed for such an application and is in the final stages of implementation. The application will be implemented across various releases with the first release expected in December 2014.

3.1.2.5 Document retrieval and distribution

One of the key challenges associated with the OAR program is the retrieval of all relevant customer information related to a case. Unlike past remediation programs undertaken by CBA where the file retrieval process was contained to a set number of advisers, the file retrieval process for the OAR program is more complex. For example, for customers of FWL, many customer files can only be retrieved after the Bank has identified the relevant corporate authorised entity that provided the advice, and retrieved the files from the relevant entity's offices or systems (refer to Box 3 for further background on the FWL structure).

Box 3: Financial Wisdom Limited (FWL)

FWL is a wholly-owned subsidiary of CBA that services the self-employed market. FWL delivers financial advice through approximately 380 authorised representatives (advisers) from 150 independently-owned practices. FWL practices own their businesses (and customer relationships) and pay a licence fee to CBA to operate under FWL's AFS licence.

While FWL advisers are subject to various governance, competency and other compliance standards set by CBA's Wealth Management Advice business, the practices typically run separate systems to the Bank, making customer file retrieval difficult.

There are also contractual restrictions on the Bank in relation to directly contacting FWL customers. In particular, the Bank does not have the contractual right to contact customers of the independently-owned FWL practices directly where there is no identified concern with the advice a customer previously received. Bank-initiated communication with FWL customers (that does not involve compliance-related matters) must be channelled through the relevant authorised representative.

The file retrieval process is important as a case assessment cannot commence until a file is constructed that adequately sets out the advice a customer received and the basis on which that advice was provided. The

Bank has therefore established a process to retrieve files from various sources in order to gather as much relevant information on a customer's advice file as possible.

In particular, the Bank initially attempts to gather as much relevant information about a customer's advice file from its existing customer and product systems. The Bank then supplements this process by gathering customer files from branches and locations. This process involves CBA identifying the relevant branch (or corporate entity for FWL) from which the advice was given, and staff physically attending the relevant locations to retrieve the customer's files. Alternatively if a customer's file has been archived, a request is made to retrieve the file from the relevant archive facility.

Once all the available documentation on a case is received, the documents are scanned and stored in the Program's core database (ready for use in case assessments). CBA's advice review application will enable CBA to track the receipt of documents for each case, and highlight any missing components.

Even with the processes established, the possibility remains that some customer files will remain incomplete prior to case assessments (given the lack of formal documentation requirements in the early part of the Program's Review Period). CBA is currently developing its approach to assessing cases with incomplete files.

In addition to the file retrieval process, CBA has also identified the need for a robust and controlled approach to the distribution of case files and other data to third parties (including the ICAs, the Panel and Promontory) involved in the Program. Given the various parties involved and the different information requirements for each party, this process has been more complex than previous remediation programs conducted by CBA.

Having considered a number of options to facilitate the distribution process over recent months, CBA is now currently finalising its approach to the use of a secure third-party electronic data storage facility. It is expected that external authorised personnel requiring access to case files will have secure access to the requested documents through the electronic storage facility. Access rights to specific documents will be granted by CBA on an as-needed basis and under various confidentiality provisions.

3.2 Program awareness strategy

3.2.1 Awareness strategy

One of the first steps in the Program's build phase was the development of an advertising and awareness strategy to reach out to as many potentially affected customers of CFPL and FWL as possible. Given the customer-initiated nature of the OAR program, a well-designed Program awareness strategy was recognised as critical by CBA, and additional resources from the Bank's marketing and corporate affairs areas were assigned to assist with this process.

The Program awareness strategy consists of five main elements that sought to maximise customer outreach by using different channels of communication. These elements are summarised in Table 3.2.

Table 3.2: Program awareness strategy

Element	Channel/focus	Description
1	Digital outreach and customer-facing staff	<ul style="list-style-type: none"> • Links to the main Program webpage on key CBA webpages • Search engine marketing (key word searches) • Communications to customer-facing staff (e.g., branch staff) to direct customers to available registration avenues in the event of inquiry
2	Mass advertising	<ul style="list-style-type: none"> • Advertising in national print media (full and half-page colour advertisements) • AM radio advertising
3	Communities and associations	<ul style="list-style-type: none"> • Targeting of vulnerable groups (such as seniors) through face-to-face meetings, and selected advertisements in community and association publications • Publication of brochures for customers who may be disadvantaged or may have difficulty with English
4	Customer analytics	<ul style="list-style-type: none"> • Use of customer analytics to identify attributes of potentially affected customers • More targeted advertising campaigns based on outputs of customer registration data and analytics
5	Proactive customer communication	<ul style="list-style-type: none"> • Mail-out to more than 300,000 current CFPL-advised customers about the OAR program

The aim of the first two elements was to broadcast the Program’s existence to a wide population through mainstream media and digital channels. The Bank’s main website where the OAR program was advertised prominently in July, for example, attracts millions of visitors each week. As at the end of October 2014, CBA indicated that there were 23,873 page views of the OAR program campaign landing page – driven by traffic from the Bank’s home webpage, other relevant pages on the Bank’s website, and external search engine matches. Based on the Bank’s advertising campaign, CBA also estimates that the aggregate reach of the media through which it has advertised has been approximately 14.8 million people.

To supplement the digital, physical (branch) and mass advertising approaches under elements 1 and 2, CBA’s awareness strategy also incorporates targeted campaigns aimed at specific customer groups and segments. In particular, the initiatives within element 3 aim to identify customer groups that may be vulnerable or disadvantaged, while the element 4 initiatives aim to identify customer segments yet to be reached by previous Program awareness initiatives. The element 4 initiatives will use customer data analytics sourced from various datasets, and is expected to result in more targeted advertising campaigns.

On 2 November, CBA announced the fifth element of its Program awareness strategy which will involve the mail-out of information regarding the Program to all customers who received advice from CFPL during the Review Period and who currently hold a Colonial First State (CFS) or CommInsure-issued product, irrespective of whether they currently receive advice from CFPL. This mail-out is expected to reach more than 300,000 current CFPL-advised customers, and some former customers of CFPL (who no longer receive advice from CFPL but continue to hold a CFS or CommInsure-issued product). While the exact form and

dates of the mail-out are yet to be finalised by CBA at this stage, the Bank expects the first of these mail-outs to occur in early 2015.

As indicated above, for customers of FWL, CBA does not have the contractual right to contact customers of independently-owned practices directly where there is no identified concern with the advice a customer previously received. To maximise Program awareness for FWL customers, the Bank has therefore explored alternative methods to reach these customers. Recognising the contractual limitations that the Bank is subject to, the Bank has recently decided that it will seek permission from each individual FWL practice to contact their customers directly, or request that they notify their customers of the OAR program. In addition, the Bank has indicated that it will, in the event of identifying issues with specific advisers, act on its contractual rights and directly contact customers.

3.2.2 Program awareness initiatives undertaken

The awareness campaign began on 3 July 2014 with CBA's announcement of the Program.

Digital advertising under element 1 of the awareness strategy began on the day of the Program's announcement with the placement of a prominent blade frozen on CBA's homepage. This blade was supplemented with advertising on CBA's financial planning homepage, CBA's NetBank login page and through selected keywords used in online search engines. Table 3.3 provides a list of the digital advertising avenues used, and the periods in which advertisements were placed.

Table 3.3: Digital presence and advertising

Format/placement	Date of placement
Advertising blade frozen on "commbank.com.au" (frozen in the top position for eight days, and placed in second position on the rotating carousel for 12 days)	3 July to 23 July 2014 (20 days)
Tile on CBA Financial Planning webpage (commbank.com.au/financialplanning)	From early July 2014 (through to close of registrations)
Tile included on CBA's NetBank login page	8 July to 14 July (6 days)
Keyword search engine advertising	From 3 July 2014 (ongoing)

Mass advertising under element 2 of the awareness strategy commenced in July with full-page colour advertisements being repeated in national and metropolitan newspapers. Additional intermittent releases over September and October 2014 also took place, with further advertising scheduled for February 2015. Table 3.4 provides a list of publications/radio networks in which advertisements were placed, and the date of publication/broadcasting.

Commonwealth Bank Open Advice Review program

Initial Report

19 December 2014

Table 3.4: Program advertisements published and broadcasted

Format	Placement	Date
Open letter apology Full page advertisement	Australian Financial Review The Australian All capital city metropolitan newspapers	Friday 4 July 2014
Full page advertisement	Sydney Morning Herald The Age Australian Financial Review	Saturday 5 July 2014
Full page advertisement	Capital city metropolitan newspapers	Sunday 6 July 2014
Half page advertisement	Capital city metropolitan newspapers Weekend Australian Financial Review	Tuesday 8 July 2014 Thursday 10 July 2014 Wednesday 16 July 2014 Saturday 26 July 2014
Radio 45 second advertisement	2UE, 2GB, 3AW, 4BC, 5AA, 6PR	Wednesday 9 July 2014 Thursday 10 July 2014 Friday 11 July 2014
National Inserted Magazines advertisement	Sunday Life, Sunday Style, Sunday Times and Chinese Print	13 – 27 July 2014
Half page advertisement	The Sunday Telegraph The Sun Herald The Sunday Mail	Sunday 28 September 2014 (Sydney, Brisbane, Adelaide)
	The Sunday Herald Sun The Sunday Age The Sunday Times	Sunday 5 October 2014 (Melbourne, Perth)

Initiatives under element 3 commenced in October 2014 with face-to-face meetings organised between the Bank and a number of community association groups. Advertising under element 3 commenced in November 2014 and is currently scheduled to run through to the end of March 2015. Tables 3.5 and 3.6 provide a list of advertisements that have been published (or are scheduled to be published) as part of element 3.

Table 3.5: Element 3 advertisements published or scheduled (community groups and associations)

Association / Community (publication)	Circulation / Readership of publication	Publication Issue
Combined Pensioners & Superannuants Association of NSW <i>The Voice</i>	24,000	December 2014 and January 2015
Council of the Ageing <i>COTA</i>	90,000	December 2014 and January 2015

Commonwealth Bank Open Advice Review program

Initial Report

19 December 2014

Association / Community (publication)	Circulation / Readership of publication	Publication Issue
Motor Trade SA & NT	13,500	November 2014 and December 2014
National Seniors <i>Fifty Something magazine</i>	355,000	February 2015
Royal Auto (VIC)	1,010,000	November 2014 and December 2014
The Retiree	40,000	February and March 2015
The Senior Magazine	1,351,000	December 2014
Rotary Down Under	32,000	February 2015
NRMA <i>Open Road magazine</i>	1,508,691	January and February 2015
Have a Go News	188,100	December 2014

Table 3.6: Scheduled advertisements in non-English media¹⁹

Publication	Circulation	Language
El Telegraph	33,000	Arabic
Future	13,500	Arabic
Sing Tao	28,000	Chinese Traditional
Chinese Times	15,000	Chinese Traditional
Philippine Community Herald	8,000	English
Neos Kosmos	25,000	Greek
Il Globo	15,000	Italian
La Fiamma	12,000	Italian
Weekly Top Newspaper	10,000	Korean
Chieu Duong	98,000	Vietnamese
Indus Age	30,000	English
Punjab Times	10,000 (NSW only)	Punjabi

¹⁹ Advertisements in these publications have been published in November and December 2014 issues.

In addition to the publications noted above, CBA has also undertaken radio advertisements on stations across Australia for the sight-impaired in November 2014. CBA also continues to consult with the Consultant Expert Adviser on other community groups and associations that can assist with the Program awareness strategy.

CBA expects to undertake further advertising using the outcomes of its element 4 data analytics from January 2015. These initiatives are likely to be carried throughout the rest of the first half of 2015, and will focus on customer segments identified from the data analysis that have yet to be reached by previous advertising campaigns.

3.3 Independent party appointments and input into the Program

As noted earlier, a key aspect of the Program has been the appointment of a number of independent parties to strengthen the fairness and integrity of the Program. These appointments were made progressively over the course of July to the end of October.

This section provides further information regarding the process of appointment, the involvement that the parties have had in the build phase of the Program, and future activities that will be undertaken by each party as the Program progresses.

3.3.1 Independent Customer Advocates

3.3.1.1 Appointment of the ICAs

CBA first initiated contact with potential law firms that could act as ICAs for the Program in early July 2014. The decision to appoint multiple ICAs (as opposed to just one) was driven by CBA's desire to provide choice to customers over their preferred advocates. It also aimed to ensure that all customers would have access to an independent advocate, no matter where they resided in Australia.

The objective of providing customers with broad geographical access to advocates was one of the factors in CBA selecting the three largest customer advocacy law firms in Australia – Maurice Blackburn, Shine Lawyers, and Slater and Gordon – to be the ICAs for the Program. Each of these firms has a wide geographic spread in Australia, and has the necessary scale, expertise, and credentials to represent customers in the Program.

The ICAs will be paid by CBA for services they provide to customers under the Program. Despite being remunerated by CBA, the ICAs have clear obligations to act in the best interest of customers in the Program. These obligations are made clear in both the deed signed between each ICA and CBA, and the contractual arrangements between customers and their ICA (i.e., through provisions in each customers' retention agreement with ICAs). Each ICA is also obligated to act in the interest of customers under the Legal Profession Act 2004.

3.3.1.2 ICA input into the Program's build phase

CBA made initial contact with the ICAs on 7 July 2014. Due to the need for the ICAs to gain comfort over the Program's integrity and agree to terms, their formal appointment took several months to finalise. Between July and September, each ICA engaged in discussions with CBA about the design and structure of the Program, including the documents that govern the operation of the Program. During September, CBA sought feedback from the ICAs on draft versions of Program documents, and held workshops with them to discuss how the

framework would be applied in practice. Formal deeds setting out the arrangements between the ICAs and CBA were agreed at the end of October.

Following their appointment, the ICAs have continued to provide feedback and input to CBA in developing the Pilot Program, which is designed to test the various procedures in the Program (see Section 4).

The ICAs have also commenced investing additional resources and systems to support customers in the Program, including the addition of new staff and IT systems where necessary. ICAs have also made (or are in the process of making) arrangements with various expert advisers (such as forensic accountants or experienced financial planners) that they may draw on in dealing with more complex cases under the Program.

3.3.1.3 Future activities of the ICAs

As noted above, the key role of the ICAs going forward is to provide assistance to customers in reviewing the assessment outcomes completed by CBA. Customers are under no obligation to use an ICA when discussing their assessment outcomes with CBA. A customer may choose to discuss the case with CBA on their own, or with another representative or support person. However, a customer may not proceed to the Panel review stage without representation by an ICA.

While the Program's design anticipates that most customers who elect to use an ICA will do so once they have received an assessment outcome, a number of customers have engaged the services of an ICA prior to their cases being assessed under the Program.²⁰

Once a customer retains the services of an ICA, the ICA can represent the customer in discussions with CBA and advise him/her on the fairness of the assessment outcome and compensation offer (if any). The customer and the ICA will, upon request, have access to documents used by CBA in determining the assessment outcome. If the customer is not satisfied with the final assessment outcome provided by CBA, the ICA can seek (on behalf of the customer) a further review of the case by the Panel. The ICA will assist and represent the customer in any Panel review, and will provide advice to the customer on the Panel's determination. To minimise frivolous appeals to the Panel, the ICA must certify that the customer has reasonable prospects of exceeding the assessment outcome by a material amount under the Panel arrangements.

3.3.2 Independent Review Panel

3.3.2.1 Appointment process

The inclusion of an Independent Review Panel to adjudicate on individual cases is designed to:

- provide a fair alternative dispute resolution service that objectively and independently assesses the overall merits of a case;
- allow cases to be dealt with quickly, inexpensively and confidentially; and

²⁰ Some of these customers had engaged one of the appointed law firms as part of previous remediation claims, while others have done so following the announcement of the ICA appointments under the Program (each ICA has published on its website details of its appointment to the OAR program, and the services it can provide as an ICA).

- support the rights of customers to pursue other avenues if a customer is not satisfied with outcomes of the Program.

In determining the composition of the Panel, CBA considered a number of potential models, including the possible involvement of non-judicial appointments to the Panel. In view of the Program being a form of dispute resolution mechanism between the Bank and customers, and the need for customers to have confidence in the integrity of the Panel, CBA decided to appoint three, highly-esteemed former judges to the Panel.

The three former judges that have been appointed by CBA to the Panel have considerable experience in dealing with customer protection issues in Australia. Each Panel member has also presided over different courts and jurisdictions in Australia, bringing a strong mixture of skills and expertise to the Panel.

3.3.2.2 Panel's input into the Program's build phase

The Chair of the Panel has provided input and advice to CBA on key design elements of the Program since his appointment on 11 July. He has also had input into the other appointments to the Panel and how the Panel should operate once cases are escalated to it.

All Panel members have also had access to and provided input into the development of the documents governing the operation of the Program.

3.3.2.3 Future activities of the Panel

The Panel will review cases where a customer or its ICA are unable to reach an agreement with CBA on an assessment outcome, and where the ICA certifies that the customer has reasonable prospects of exceeding the assessment outcome by a material amount under the Panel arrangements. CBA may also request certain cases to be reviewed by the Panel where there is sufficient complexity or uncertainty about how to deal with particular issues.

Before a case is reviewed by the Panel, all participants involved at the Panel review stage will be required to sign a Panel Deed. The Panel Deed specifies how cases will be assessed by the Panel, and the responsibilities that each party has in relation to Panel proceedings.

Once a Panel Deed is signed, CBA will notify the Panel of a start date for the customer's case and the Panel Chair will convene the Panel, consisting of the Chair and at least one other Panellist.²¹ The role of the Chair may be delegated.

The Panel will review the relevant documents, information and submissions provided by CBA and the customer's ICA. The Panel may request further information, and may seek advice from expert parties, such as the Consultant Expert Adviser to the Panel. The Panel may also convene a hearing in exceptional circumstances to receive oral submissions from the ICA and CBA.

The Panel's decisions are made independent of CBA. The Panel has the discretion to make any decision it believes to be necessary or expedient to obtain a fair outcome, having regard to the aims of the Panel review, and CBA's potential legal liability to the customer. CBA is bound by the Panel's decision, but the customer is

²¹ It is likely that most cases will be reviewed by two Panellists, although this will depend on the case under consideration and the availability of Panellists.

not. This decision is either accepted or rejected by the customer – there is no appeal or further review process under the Program, although the customer has the right to take his/her case to FOS or to the courts.

To assist with the performance of its duties, the Panel will be assisted by Counsel Assisting (a legal counsel who will assist the Panel with its functions). CBA will pay for any fees and expenses of the Panel.

3.3.3 Consultant Expert Adviser

3.3.3.1 Appointment process

The appointment of Ms Fiona Guthrie as Consultant Expert Adviser to the Program is to help ensure that customer advocate issues are handled appropriately by CBA and the Panel. As noted earlier, Ms Guthrie has had extensive experience as an advocate for consumers of financial services, and her appointment will help ensure that customers who are disadvantaged or vulnerable will be treated fairly and appropriately under the Program.

3.3.3.2 Consultant Expert Adviser's input into the Program's build phase

While Ms Guthrie's primary role in the Program is to provide expert advice to the Panel at its request, Ms Guthrie has (and will continue to) provide advice to CBA on elements of the Program's design and implementation.

As part of the Program's build, Ms Guthrie has assisted CBA in developing its customer engagement strategies for the Program. In particular, Ms Guthrie has assisted with the Bank's engagement with stakeholder groups that deal with vulnerable parts of the community which may be otherwise hard to reach (e.g., seniors, or customers suffering from hardship or disabilities). She has also provided input to the preparation of the Program documents and material that has been provided to customers (e.g., customer outreach material and information packs).

Other advice provided by Ms Guthrie during the course of the Program's build has been in relation to approaches to the customer contact process and identifying customer issues, such as potential hardship.

3.3.3.3 Future activities of the Consultant Expert Adviser

Ms Guthrie's role going forward will focus primarily on providing advice to the Panel as and when it is requested. Given the Panel has yet to review any cases, the full range of topics and issues where Ms Guthrie's advice is likely to be called upon by the Panel is still evolving.

CBA plans to continue to use Ms Guthrie's expertise in developing and refining its customer outreach strategies. For example, Ms Guthrie will continue to assist the Bank promote awareness of the Program in a number of community groups, and may review content in relation to the Program that is to be included in community publications. Ms Guthrie may also advise CBA on its strategy for communicating assessment outcomes to customers.

3.3.4 Independent Forensic Expert

3.3.4.1 Appointment process

The appointment of a forensic expert to the Program is designed to provide customers with assurance that any claims of potential fraud or forgery will be appropriately and expertly handled. CBA considered a range of parties to provide this expert advice, including internal and external parties to the Bank.

CBA ultimately decided to appoint McGrathNicol as IFE for the Program to establish a robust and independent process for investigating concerns about possible fraud relating to financial advice a customer received. McGrathNicol has a team of specialists on fraud investigation who have not had any previous involvement with CBA's past remediation programs.

3.3.4.2 IFE input into the Program's build phase

As the IFE, McGrathNicol will investigate any concerns about possible fraud or forgery relating to the financial advice customers have received.

A Fraud Protocol (Protocol) is currently under development which will set out the triggers and processes to be followed in the event that CBA or the customer has concerns in relation to improper documents, such as possible forgery and fraud. This Protocol is being developed by the IFE, with input from CBA.

In developing the Protocol, the IFE has held discussions with CBA to understand past cases and current escalation procedures within CBA.

3.3.4.3 Future activities of the IFE

If the requirements set out in the Fraud Protocol are triggered, CBA will refer the case to the IFE for investigation and, where applicable, escalate the case to relevant authorities in line with the process set out in the Protocol. Following the completion of the investigation, a report of the matter will be included in the customer's file.

Most cases involving fraud will be identified and addressed prior to any Panel review of the case. The Panel will be able to draw on the findings of the IFE's analysis as part of its review of cases.

3.3.5 Independent Expert

3.3.5.1 Appointment process

Promontory's appointment as Independent Expert to the Program is designed to provide transparency and independent oversight over the Program's implementation. As part of our appointment, Promontory agreed with CBA to undertake due diligence activities in order to understand the proposed processes, technology, systems and document management processes to be used in the Program. These due diligence activities were intended to inform Promontory about the approach to be adopted by CBA and also the approach that would need to be adopted by Promontory in meeting its ongoing monitoring, reporting and oversight responsibilities. That due diligence stage is still active.

3.3.5.2 Independent Expert's input into the Program's build phase

As part of our due diligence activities, Promontory has reviewed a range of documents, processes and methodologies that CBA has developed (or are in the process of developing) to support the implementation of the Program. We have also interviewed staff across CBA to discuss the design of the Program and potential approaches to sampling as part of our review of cases. We have also provided input into the development of Program documents governing the operation of the Program, and interviewed other independent parties involved in the Program.

3.3.5.3 Future activities of the Independent Expert

Promontory's role going forward will be to monitor the Program and provide transparency by periodically reporting on the outcomes of the Program. This monitoring and reporting role aims to provide assurance to customers that the Program's processes are being implemented fairly and consistently and, more generally, that it is meeting its objectives.

Promontory expects to produce periodic reports three times a year from 2015 until the conclusion of the Program. Our next periodic report is scheduled for release in May 2015. As part of Promontory's monitoring role, these periodic reports will provide detail on the number of customers who participate in each stage of the Program and the outcomes of each stage.

An important aspect of Promontory's role is to review a sufficient sample of customer cases to determine whether customers are being dealt with in accordance with the Program's documented processes and objectives. We have proposed using a structured sampling approach to provide maximum assurance that the Program is operating as intended and in line with its objectives. The appropriate sample size and structure will be developed by Promontory (and agreed with CBA) for each stage of the Program. Promontory will publicly report on its sample review findings as part of its periodic reports, and will have access to the necessary documents, such as customer files and supporting material, to fulfil its role.

Promontory will also oversee the Bank's implementation of the Pilot Program, and review assessments from the Pilot Program to refine our own sampling and review procedures. We will report on the outcomes of the Pilot Program in our next report.

4. Pilot Program

In recognition of the unique features of the Program, CBA is conducting a Pilot Program (Pilot) to test the adequacy and robustness of processes it will use to assess customer cases under the Program. The Pilot involves an assessment of a limited number of cases (approximately 60), selected by CBA with input from the ICAs. The Pilot commenced in November 2014 and is scheduled to be completed in January 2015.

In addition to the usual reasons for conducting a pilot program (e.g., to trial and adjust processes prior to full implementation), CBA's decision to implement the Pilot for the OAR program reflected a number of added complexities associated with the Program's design. These complexities include the:

- Involvement of multiple independent parties: the Program requires additional protocols and systems between CBA and external parties – such as the ICAs, the Panel and Independent Expert – to strengthen the fairness, consistency, transparency and efficiency of dealings with affected customers.
- Customer-initiated nature of the Program and the broad range of advice, products and services potentially involved: given the scope of the OAR program is much broader in terms of time periods and advisers relative to previous remediation programs, the breadth of poor advice issues that may emerge under the Program is also likely to be greater. Consequently, additional assessment guidelines have been required for the Program which would benefit from testing in the Pilot.
- Long Review Period: during the Program's Review Period, numerous changes to financial planning obligations, associated laws and tax treatments occurred that will need to be considered as part of the Program. The potential complexity in having these changes reflected in assessment guidelines will benefit from further discussion between the parties involved in the Pilot.

4.1. Aims of the Pilot

The key aim of the Pilot is to test that the Program's processes will deliver a robust, consistent, fair and efficient means of conducting case assessments prior to full-scale implementation.

A further aim of the Pilot is to provide the ICAs, the Independent Panel and the Independent Expert with visibility and understanding of how CBA intends to assess individual cases. In particular, it is expected that ICAs will challenge the assumptions and direction of guidance developed for CBA's specialist team.

The Pilot is also expected to help finalise processes for dealing with certain logistical challenges, such as dealing with imperfect information and reviewing customer files when dealing with multiple parties.

4.2. Structure of the Pilot

Participation in the Pilot by customers is voluntary.

Customers participating in the Pilot will be regarded as being assessed within the Program. Customers who are eligible for the Program but have not been selected for the Pilot, or have elected not to participate in the Pilot, will have their cases assessed as part of the full Program.

4.2.1 Selection process

Participants in the Pilot have been identified based on selection criteria developed by the Bank. In identifying possible participants for the Pilot, the Bank requested the ICAs to identify customers who had previously contacted them and would be suitable for participation in the Pilot. CBA then nominated other potential Pilot participants based on the selection criteria.

The selection criteria that CBA developed to identify suitable customers for the Pilot were:

- **File availability:** to assist with the efficiency of the Pilot, CBA generally limited selection to customers whose advice files were largely complete and more readily accessible.
- **Cross-section of issues:** to adequately test the scope and robustness of the Program's assessment guidelines, CBA elected to capture a diversified (rather than homogenous) set of products and issues for inclusion in the Pilot.
- **Complexity:** only a limited number of complex cases were considered for inclusion in the Pilot so as to test standard processes efficiently, recognising that very complex issues were likely to require non-standard assessment methods. Cases involving third-party products were also excluded for similar reasons.
- **Exclusion of "Affected Clients" defined under CFPL and FWL's new licence conditions:** the Program (including the Pilot) is a separate exercise from remediation activities associated with CFPL and FWL's new licence conditions. To avoid complications at the Pilot stage, customers who are defined as an "Affected Client" for the purposes of CFPL and FWL's new licence conditions were not selected for the Pilot.
- **Hardship:** subject to consideration of the factors described above, customers who had been identified as suffering financial or personal hardship were prioritised for inclusion.

4.2.2 Customer contact process

Both CBA and the ICAs contacted their nominated customers to communicate the objectives, conditions and processes governing participation in the Pilot. A condition of participation in the Pilot is that a customer must be represented by an ICA. Therefore, those customers nominated by CBA and agreeing to participate in the Pilot were assigned an ICA (with their consent).

We note that, in the full Program, a customer is not required to nominate an ICA in order to participate. For the purposes of the Pilot, however, it was determined by CBA that ICA representation would help protect the interests of customers and reduce the likelihood that they might otherwise be disadvantaged by agreeing to participate.

4.2.3 Assessment process

Customers participating in the Pilot will have their cases assessed against a set of preliminary assessment guidelines that have been developed by CBA. The assessment guidelines are internal protocols developed for CBA's specialist team to assist with the efficient, consistent and fair assessment of customer cases. The guidelines address specific components of advice that CBA expects will commonly arise in conducting assessments, such as customer risk profile and asset allocation assessments.

Upon completion of a case assessment under the Pilot, CBA will issue the assessment outcome to the relevant ICA. Feedback provided by the ICAs will be considered by CBA before finalising an assessment outcome.

The Pilot will not include the escalation of cases to the Panel. Customers in the Pilot, however, will still have the option to take up the Panel review as part of their continuing participation in the Program.

4.2.4 ICA involvement

As part of the Pilot, ICAs will be provided with preliminary assessment guidelines in order for them to provide input and comment on their relevance, fairness and integrity. CBA will also workshop with ICAs a small number of cases (approximately four to six) as part of the Pilot to gain feedback on issues relating to the assessment of cases, the assessment guidelines and the Program more generally. Feedback provided by the ICAs will be considered by CBA before it finalises assessment outcomes of cases in the Pilot. Feedback will also be used to refine assessment guidelines, and other processes and systems that will be rolled out under the full Program.

4.2.5 Independent Expert involvement

Promontory will oversee the Pilot in order to commence its monitoring role over assessments, and to test and refine its sampling and review methodologies. In reporting on the outcomes of the Pilot in our next report, Promontory will be cognisant of the developmental nature of the exercise and its critical role in ensuring the fairness and consistency of the Program.

4.2.6 Protecting the interests of Pilot participants

Additional measures have been introduced by CBA to protect the interests of Pilot participants. That is, CBA aims to ensure that Pilot participants are not disadvantaged because assessment guidelines, processes and methodologies are refined as a result of discussions or findings made as part of the Pilot.

To protect Pilot participants from being disadvantaged from such refinements, CBA has introduced mechanisms to allow re-assessments of cases assessed under the Pilot. In particular, if changes to an assessment or loss calculation methodology are made:

- during, or within 30 days after the conclusion of, the Pilot; or
- following a decision of the Independent Panel in respect of a case which was assessed as part of the Pilot;

and such changes increase the amount of compensation a Pilot participant would be offered, the Pilot participant's case will be re-assessed. CBA will offer the participant any additional compensation resulting from the re-assessment, but the customer will not be required to repay any reduction that results from the changes.

4.3. Current state of the Pilot

The Pilot Program commenced in November 2014 and is expected to conclude in January 2015 following the issuance and consideration of assessment outcomes to ICAs for all customers in the Pilot. The Bank is currently in the process of finalising the full list of participants that will be assessed under the Pilot, having nominated and contacted potentially suitable customers over November and December (with input from the ICAs). The Bank has also commenced case assessments for a limited number of participants who have provided the Bank (either directly or through their ICA) the necessary information to have their advice reviewed.

Promontory's next report will provide further details regarding the implementation of the Pilot, and the outcomes resulting from it.

5. Program Update

On 12 October 2014, CBA provided a preliminary update to Promontory on the Program, including statistics on the number of customers who had registered for the Program.²² At the time of that update, CBA notified Promontory that the Program had received registrations from approximately 4,200 customers.

This section of the Report provides a further update on the number of customers who have registered for the Program, and the progress that has been made by CBA to contact these customers.

5.1 Registrations

For the purposes of the Program, customers that register are assigned a "case number". A "case" can include more than one customer (for example, customers who received advice together). While there may be multiple customers attached to a particular case, assessment outcomes will be determined by the Bank on a case basis. Thus, the figures quoted below refer to cases in the Program.

Since CBA's last update to Promontory in October 2014, approximately 500 additional cases have registered for the Program – bringing the total number of cases in the Program to 4,702 as at 15 December 2014. This figure includes 92 cases identified by the Bank as having elected to opt out of the Program.²³

Table 5.1: Registration statistics

Registrations since Program commencement	Number of cases
Total cases registered	4,702
<i>of which: cases that have elected to opt out of the Program</i>	<i>(92)</i>
Total cases registered (excluding cases that have elected to opt out of the Program)	4,610

We note that the number of cases noted in Table 5.1 excludes duplicate registrations that have been identified by CBA.²⁴ We also note that, as CBA receives additional information from customers during the course of the Program (e.g., information sent by customers in the *You and Your Advice* form), certain cases that are related may be combined or merged (e.g., a married couple who took out a joint policy but registered separately for the Program). The reported number of cases registered in the Program is therefore subject to change pending additional information received by the Bank.

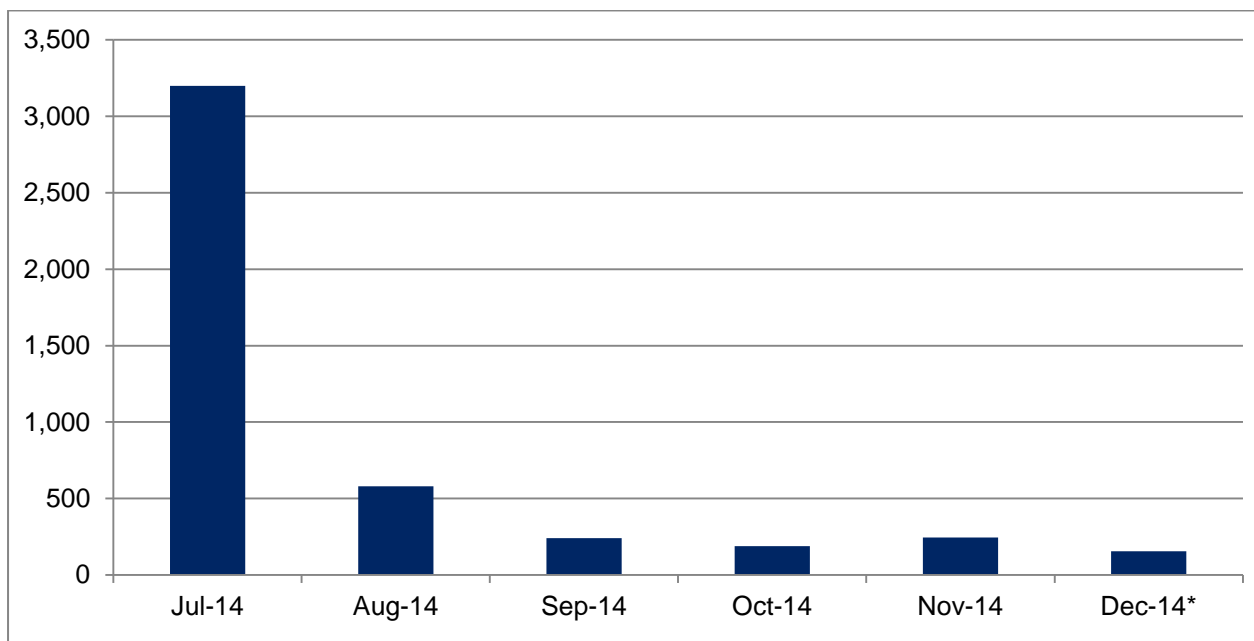
²² Refer to <https://www.commbank.com.au/about-us/news/media-releases/2014/commonwealth-bank-provides-an-update-on-the-open-advice-review-program.html>

²³ CBA has indicated that it will shortly write to these people to confirm withdrawal from the Program. People who have opted out will be provided the opportunity to opt back into the Program prior to the close of registration.

²⁴ For example, given the various avenues for registration, there have been instances where a customer has registered for the Program multiple times. As at 15 December 2014, CBA has identified 598 cases of duplicate registrations.

The majority of cases in the Program (approximately 3,200) were registered during July 2014 (the first month of the Program). Since then, the average number of cases that have registered each month has reduced to approximately 300 (refer to Figure 5.1).

Figure 5.1: Registrations by month (as at 15 December 2014)²⁵



* December figures include cases registered up to 15 December 2014

5.2 Response to registrations

As noted earlier, once customers have registered for the Program, CBA attempts to contact customers (via phone or email) to confirm their registration and send through an information pack.

As at 15 December 2014, CBA has made, or has attempted to make, contact with approximately 98% of cases registered in the Program. CBA has also sent out information packs to approximately 95% of cases registered in the Program (refer to Table 5.2). The relatively few cases (less than 2%) where contact from CBA is still pending (i.e., where no call has been attempted and an information pack has yet to be sent) relate mainly to cases that have only recently registered for the Program (i.e., cases that registered after 1 December).

²⁵ The figures in this chart exclude cases that have elected to opt out of the Program.

Table 5.2: Progress of customer contact²⁶

Contact status	Number of cases	Percentage of cases registered
Cases contacted by CBA	4,534	98%
Cases where an information pack has been sent	4,373	95%
Cases where contact is pending and an information pack has yet to be sent	75	2%

While registrations were first opened in July 2014 when the Program was announced, call-backs to customers did not commence until 5 August. During the period between the Program's announcement and the commencement of call-backs, CBA worked to establish the necessary call centre infrastructure and provided training to staff to assist with the accurate and consistent delivery of calls.²⁷

Information packs (including the *You and Your Advice* form) were first sent to customers on 16 September 2014. Since then, information packs have been sent out at regular intervals to customers in the Program, with the majority of information packs being sent by the end of October. Table 5.3 below provides an overview of the number of information packs sent in each month since the Program's commencement.

Table 5.3: Information packs sent²⁸

Month (in 2014)	Number of cases where an information pack has been sent
September	1,929
October	2,105
November	245
December (up to 15 December)	94
Total	4,373

5.3 Returned *You and Your Advice* forms

As at 15 December 2014, a total of 2,482 *You and Your Advice* forms have been returned to CBA. This figure represents approximately 57% of cases where an information pack has been sent to a customer, or approximately 54% of cases registered in the Program (excluding cases that have elected to opt out).

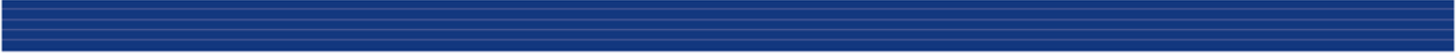
²⁶ The figures in this table exclude cases that have elected to opt out of the Program.

²⁷ Call centre staff were provided with call scripts and other materials (such as a frequently asked questions list) to assist with this process. Call quality procedures were also developed to monitor the quality of calls across the team.

²⁸ The figures exclude information packs sent to customers who have elected to opt out of the Program, and information packs that were re-sent to customers (on their request).

**Commonwealth Bank Open Advice Review program
Initial Report**

19 December 2014



CBA is currently in the process of reviewing the information provided by customers in the *You and Your Advice* forms, and updating customer information where required. This information will then be used by the Bank to confirm customers' eligibility to have their advice assessed under the Program. The Bank has not, at this stage, removed any person from the Program due to ineligibility.

Once the Bank has completed the Pilot Program, individual case assessments for customers that have been confirmed as being eligible for the Program will commence.



Promontory Financial Group Australasia
Level 32, 1 Market St | Sydney, NSW, 2000
+61 2 9275 8833 | promontory.com