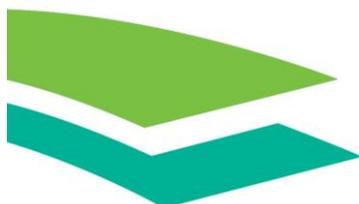


## **Review of Mutuals' Compliance with their Code Training Obligations**

### **(in relation to Key Promises 5 and 10, and Part E, Section 2 of the Code)**

---

*An inquiry to examine Mutuals' compliance with their Code obligations to adequately train staff, agents and representatives on the requirements of the Code and ensure that they apply their Code obligations in their dealings with members.*



## Table of Contents

---

|   |    |
|---|----|
| About the Code .....  | 3  |
| About the Code Compliance Committee .....                           | 3  |
| About this report.....  | 3  |
| 1. Executive Summary .....  | 4  |
| 1.1 What We Did.....  | 4  |
| 1.2 What We Found .....   | 4  |
| 1.3 Recommendations .....   | 5  |
| 1.4 Towards Better Practice.....                                    | 6  |
| 2. Introduction .....   | 7  |
| 2.1 Code Training Obligations.....                                  | 7  |
| 2.2 Objectives of this Inquiry .....                                | 8  |
| 2.3 Scope of this Inquiry.....                                      | 8  |
| 3. Methodology.....   | 9  |
| 4. Inquiry Findings.....  | 10 |
| 4.1 Code Training Processes.....                                    | 10 |
| 4.2 Recording and Tracking of Code Training Information.....        | 11 |
| 4.3 Key Controls for Monitoring Compliance with the Code .....      | 13 |
| 4.4 Feedback from Mutuels Regarding Current Training Practices..... | 14 |
| 5. Recommendations .....  | 15 |
| 6. Next Steps.....  | 16 |
| Appendix A: Definitions .....                                       | 17 |
| Appendix B: Data Questionnaire .....                                | 18 |
| Appendix C: Key Statistical Questionnaire Findings .....            | 20 |
| Appendix D: Sample Code Training Checklist.....                     | 23 |

## About the Code

---

The Mutual Banking Code of Practice ([the Code](#)) is a voluntary code of practice which sets standards of good practice for subscribing mutual banks, credit unions and mutual building societies (Mutuals). The Mutuals that subscribe to the Code follow these standards when dealing with persons who are, or who may become, an individual or small business member of the Mutual, or a guarantor.

Mutuals that have subscribed to the Code have made a commitment to work continuously to improve the standards of practice and service in the mutual banking industry, promote informed decision making about their services and act fairly and reasonably in delivering those services.

The principles and obligations set out in the Code apply to all Mutual banking services delivered to individuals and small business across Australia. In that sense, the Code forms an important part of the broader national consumer protection framework and the financial services regulatory system.

The Code is published by Abacus Australian Mutuals ([Abacus](#)). A copy can be downloaded from the Abacus website [www.abacus.org.au](http://www.abacus.org.au).

## About the Code Compliance Committee

---

The Code Compliance Committee ([the Committee](#)) is an independent compliance monitoring body established under Section 4 of the Constitution of the Mutual Banking Code Compliance Committee Association (the Constitution) and Part E of the Code.

The Committee's key responsibilities and functions are set out in the Constitution and the Code. The Committee's vision is to promote compliance with the Code and to assist Code subscribers to meet and exceed the standards of good industry practice as envisaged by the Code.

To achieve its vision, the Committee supports the principles and commitments made in the Code, promotes the Code's benefits and aims to influence positive and effective changes in industry behaviour. Its work is based on the five key principles of independence, accountability, transparency, fairness and accessibility.

## About this report

---

A copy of this report will be published on the CCC website ([www.cccmutuals.org.au](http://www.cccmutuals.org.au)) and shared with key stakeholders, including all Code subscribers, [Abacus Australian Mutuals](#), the chair of the Mutual Banking Code Compliance Committee Association (MBCCCA) and the [Australian Securities and Investments Commission \(ASIC\)](#).

## 1. Executive Summary

---

### 1.1 What We Did

Between April and May 2012, the CCC conducted an Inquiry into how well Mutuals, who subscribe to the Code, met their obligations under key promises 5 and 10, and part E, Section 2 of the Code, in regards to Code training:

**Key Promise 5: We will deliver high customer service and standards.**

*We will issue and distribute products and provide services that are useful, reliable and of value to our members and customers. **We will make sure our staff and agents or representatives are well trained.** We will promote secure and reliable banking and financial services, and keep you up to date on any changes to the products and services we provide to you. We will treat your personal information as private and confidential.*

**Key Promise 10: We will support and promote the Mutual Banking Code of Practice.**

*We will promote the Mutual Banking Code of Practice, **ensure that our staff are trained to put it into practice**, and support its monitoring and effectiveness.*

**Part E, Section 2: Training our staff.**

*'We will ensure that our employees, agents and representatives **receive training on the Code and that they apply it in their dealings with you.**'*

With these key promises, Code subscribers agree to adequately train staff, agents and representatives on the requirements of the Code and ensure that they apply this training in their dealings with members.

The Inquiry was conducted through a data gathering questionnaire (see Appendix B) which requested information from Mutuals about Code training methods, content, frequency and coverage. The questionnaire also sought information about the controls in place to monitor the completion of Code training, the monitoring of these key controls and the processes which exist should a Code breach be identified.

The data gathering questionnaire was distributed to the 96 Code subscribing Mutuals on 10 April 2012, with 72% of these Mutuals responding by the requested date of 16 May 2012.

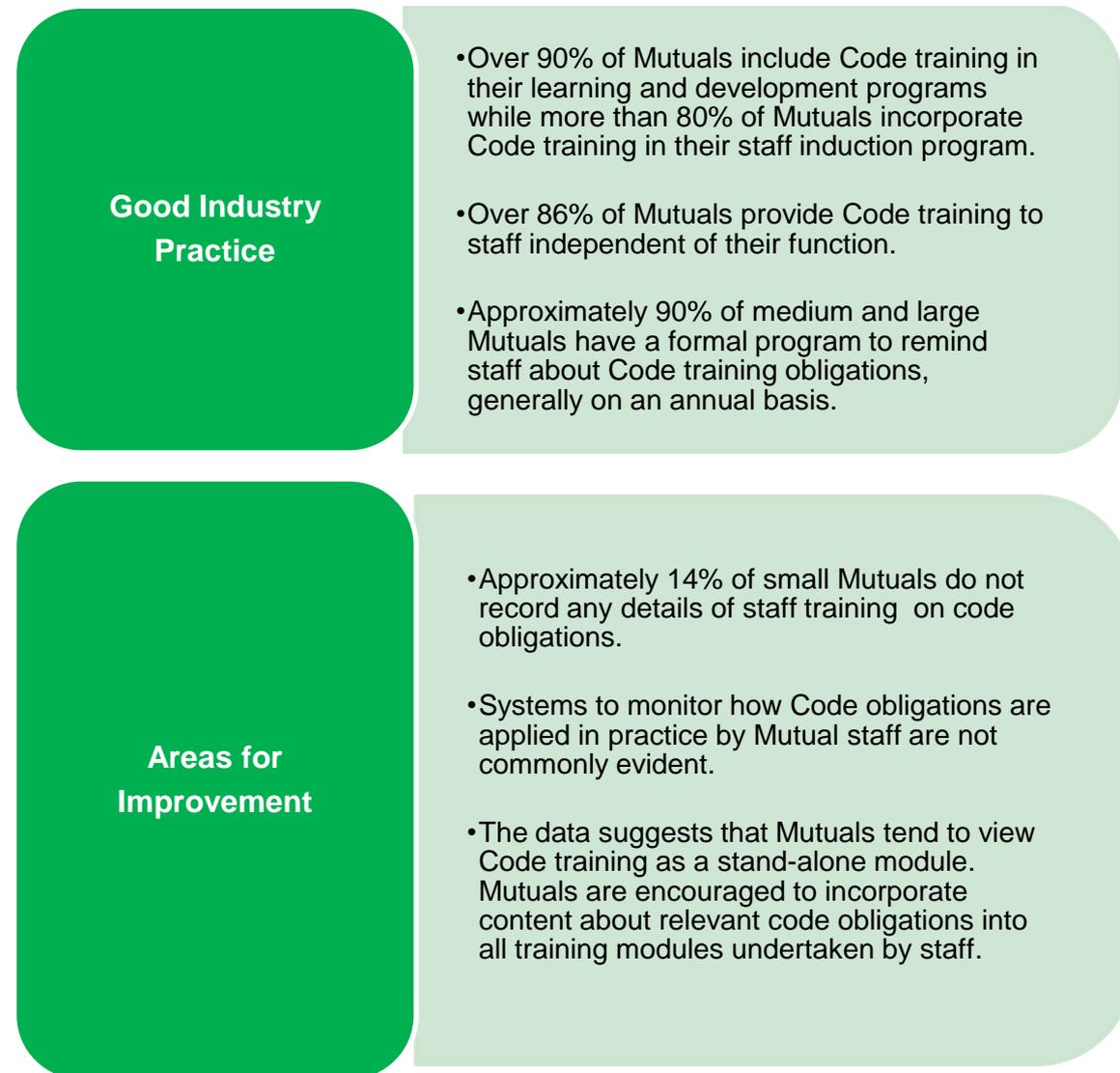
### 1.2 What We Found

In conducting the Inquiry, the CCC identified that whilst Code training is embedded in the learning and development programs of most Mutuals, the content of that training, method and frequency and monitoring of that training varies depending on the size of the Mutual.

The effectiveness of Code training can be measured by how well Code obligations are applied by staff in daily operations. The CCC found that the monitoring and supervision frameworks of some Mutuals to ensure that Code obligations are applied by staff in daily operations require enhancement.

Figure 1 below outlines some key findings.

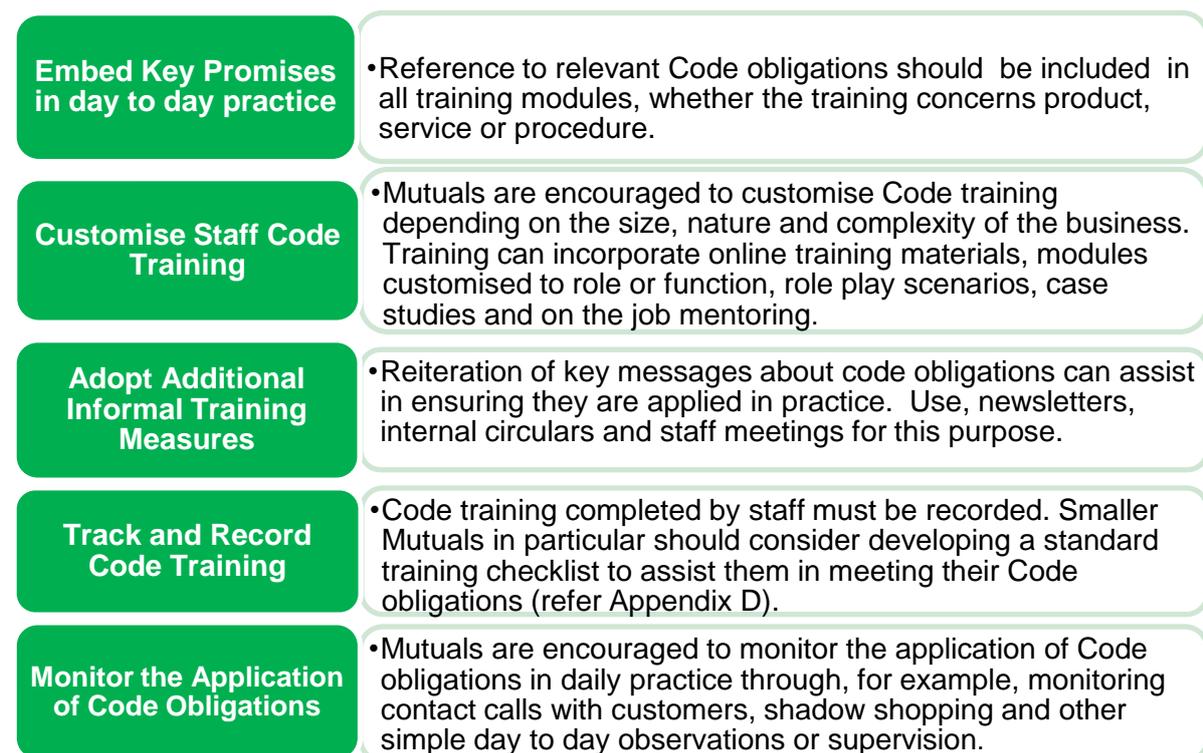
**Figure 1: Summary of Key Findings**



### 1.3 Recommendations

After conducting the Inquiry in relation to Code training obligations, the CCC has made a series of recommendations which are outlined in Section 5 of this report. A summary of these recommendations is outlined in Figure 2 below.

**Figure 2: Recommendations**



#### **1.4 Towards Better Practice**

This Inquiry has provided a broad overview of current levels of compliance, practices and procedures in relation to how well Mutuals undertake Code training and monitor the application of code obligations in daily service provision.

In addition to formal Code training modules, the CCC suggests that Mutuals consider supplementing existing training programs with other mechanisms including:

- discussion about Code obligations at regular team meetings;
- role play and case study exercises which may enhance the ability of staff to put Code training obligations into practice;
- face to face discussion between supervisors and staff about the application of Code obligations to practice;
- distribution of the CCC quarterly newsletter 'Accomplish' to all staff.

The CCC further encourages each Mutual to re-visit their obligations under key promises 5 and 10, as well part E, Section 2 of the Code and review their processes and procedures to ensure their staff can deal with their members confidently in terms of Code obligations.

## 2. Introduction

---

### 2.1 Code Training Obligations

The obligations within the Code in relation to Code training are:

- *Key Promise 5: We will deliver high customer service and standards.*
- *Key Promise 10: We will support and promote the Mutual Banking Code of Practice.*
- *Part E, Section 2: Training our staff.*

There are no other specific Code training obligations in the Code. Industry guidance about what is expected of a Code subscriber in order to comply with these obligations is quite limited. Code subscribers also seem to interpret and apply these Code obligations very differently, leading to a wide spectrum of training and monitoring practices in this area.

As Financial Services Providers, Mutuals are however subject to minimum legal obligations to ensure that their staff are adequately trained and competent to undertake their roles. Guidance on how these legal obligations should be implemented is found in the provisions of ASIC Regulatory Guide 146 (Training of Financial Product Advisors)<sup>1</sup>, ASIC Regulatory Guide 206 (Credit Licensing: Competence and Training)<sup>2</sup> and ASIC Regulatory Guide 104 (Licensing: Meeting the general obligations)<sup>3</sup>. More specifically:

RG104.77 *Expectations that training and competency requirements relate to knowledge and skills of representatives.*

RG146.126 *Licensees must keep a record of the training that each of its representatives has undertaken.*

RG 146.131 *Licensees should prepare a statement that sets out your training policy and procedures, including their approach to continuing training.*

RG 206.74 *You must ensure that your representatives are adequately trained and are competent to engage in the credit activities authorised by your credit licence.*

RG 206.75 *You must determine what is appropriate in terms of initial and ongoing training for your representatives and embed this in your recruitment and training systems.*

RG 206.79 *We expect you to document your recruitment and training policies and procedures, and the implementation of these policies and procedures, as appropriate to the nature, scale and complexity of your business.*

ASIC Regulatory Guide 183.5 (The role of Codes and ASIC approval)<sup>4</sup> notes the primary role of a financial services sector code is to raise standards and to complement the

---

<sup>1</sup> Australian Securities and Investments Commission, *Regulatory Guide 146 'Licensing: Training of financial product advisers'*, ASIC, Sydney, July 2012.

<sup>2</sup> Australian Securities and Investments Commission, *Regulatory Guide 206 'Credit licensing: Competence and Training'*, ASIC, Sydney, July 2012.

<sup>3</sup> Australian Securities and Investments Commission, *Regulatory Guide 104 'Licensing: Meeting the general obligations'*, ASIC, Sydney, October 2007.

<sup>4</sup> Australian Securities and Investments Commission, *Regulatory Guide 183 'Approval of financial services sector codes of conduct'*, ASIC, Sydney, March 2005.

legislative requirements that already set out how product issuers and licensed firms (and their representatives) deal with consumers.

## **2.2 Objectives of this Inquiry**

The objective of this Inquiry was to assess how well Mutuels were complying with their obligations under key promises 5 and 10 and part E, Section 2 of the Code, in regards to Code training.

To assess the level of compliance with these obligations, we reviewed the Code training systems and compliance monitoring processes that Mutuels currently have in place. We also assessed the controls in place to monitor the completion of Code training, how these key controls are monitored and the processes which exist should a Code breach in relation to training be identified.

All Mutuels who participated in the review will receive individual feedback about their performance against their obligations. This will allow the individual Code members to benchmark themselves against the other Code subscribing Mutuels in the area of Code training.

It is also hoped that the outcomes of this Inquiry will inform Abacus as to specific areas associated with Code training obligations that require enhancement.

## **2.3 Scope of this Inquiry**

The scope of this Inquiry was to:

- gather data in regards to the level of compliance across Mutuels in relation to their obligations under Key Promises 5 and 10, and Part E, Section 2;
- develop a better understanding of how Mutuels manage their Code obligations to ensure adequate Code training for relevant staff;
- create an overall picture of current Code related training processes and any areas of improvement;
- understand whether key controls are in place to ensure staff are up to date with their training related compliance obligations;
- assess how often these key controls are monitored;
- ensure a greater understanding of training compliance completion records across each Mutual; and
- verify that current breach recording practices in relation to training are accurate and effective.

### 3. Methodology

---

A questionnaire was used to assess Mutuals' current level of compliance with Key Promises 5 (KP5), 10 (KP10), and Part E, Section 2 of the Code. The questionnaire is attached to this report as Appendix B.

The questions focussed on how Mutuals carry out Code training, how they monitor that Code training has been completed and how they monitor their employees' compliance with Code requirements in their dealings with members. It also asked for feedback regarding the delivery of Code training in general.

The questionnaire was sent to the 96 Code subscribers. A total of 72% of Mutuals responded within the timeframe provided.

Overall results and key findings are presented in Section 4 below and are categorised on the basis of size, as follows:

|                             |   |
|-----------------------------|---|
| <b>Large Mutuals</b><br>ten | Large Mutuals are defined for the purposes of this report, as the top organisations as identified by number of full-time equivalent staff in the KPMG report - <i>Building Societies and Credit Unions: 2011 Financial Institutions Performance Survey</i> <sup>5</sup> .   |
| <b>Medium Mutuals</b>       | Medium Mutuals are defined for the purposes of this report, as organisations employing over 20 full-time equivalent staff (excluding the large Mutuals).  |
| <b>Small Mutuals</b>        | Small Mutuals, defined for the purposes of this report, as organisations employing up to 20 full-time equivalent staff. This corresponds to the small business definition outlined in the Code: 'A business having fewer than: a) 100 full-time (or equivalent) people if it involves the manufacture of goods; or, b) in any other case, 20 full time (or equivalent) people.' |

---

<sup>5</sup> KPMG 'Building Societies and Credit Unions 2011: Financial Institutions Performance Survey', KPMG, Sydney, November 2011.

## 4. Inquiry Findings

The results of the questionnaire responses are categorised into four key sections:

1. Code training processes including coverage of training, providers and delivery methods.
2. Recording and tracking of Code training information.
3. Key controls for monitoring staff compliance with the Code.
4. Feedback received from Mutuals regarding Code training.

### 4.1 Code Training Processes

Section 1 of the questionnaire examined Mutuals' Code training coverage, the Code training provider and delivery methods. The questions aimed to identify:

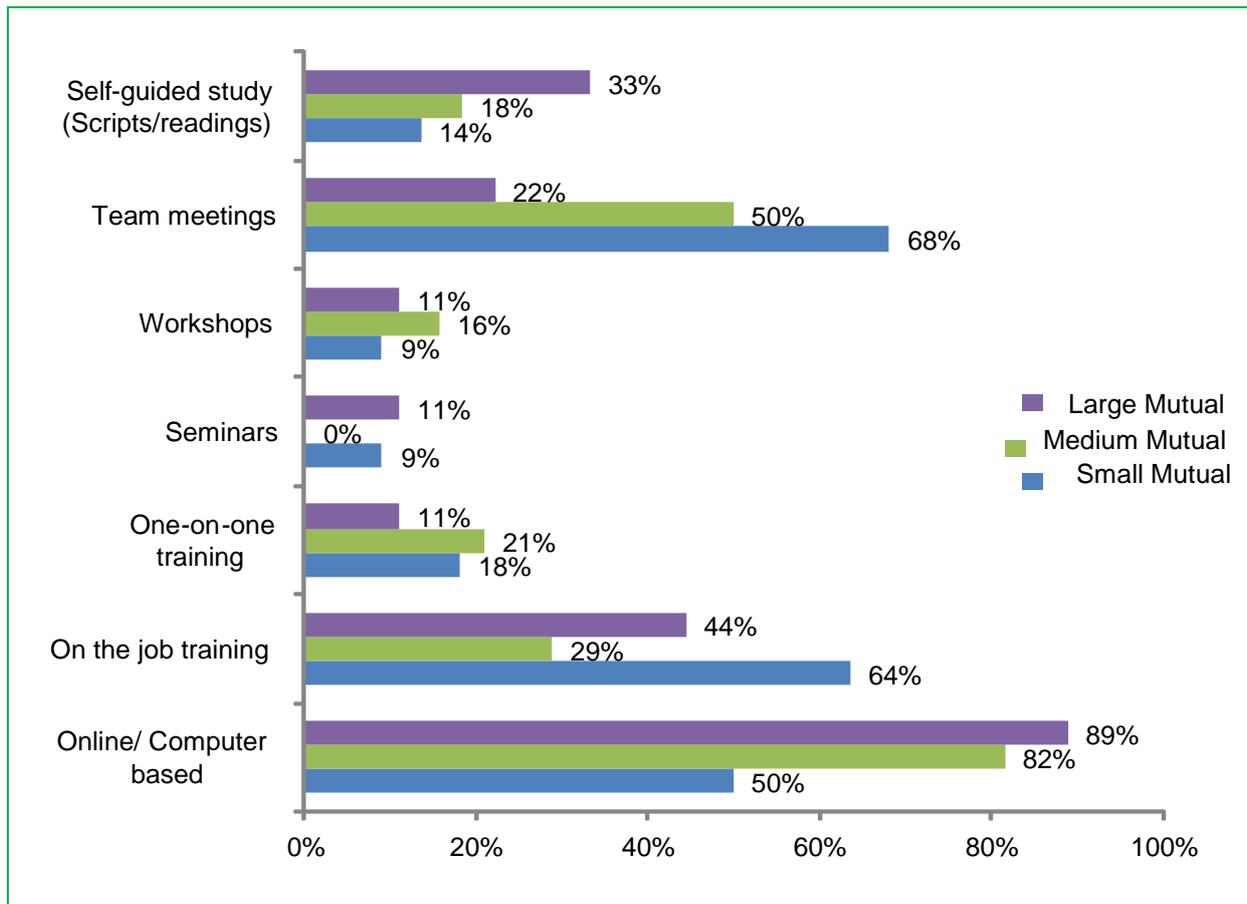
- whether Mutuals have implemented Code training in their formal processes, procedures and learning & development programs (consistent with ASIC RG 206.75);
- the types of staff who undertake Code training;
- how staff are trained about their Code obligations; and
- how Code training is customised for specific types of staff function or role.

The key results from Section 1 of the questionnaire are summarised below:

#### Code Training Processes: Coverage, Providers, and Delivery Methods

- Over 90% of all Mutuals reported that they formalise Code training within their training and development frameworks and indicated Code training as an important aspect of the staff training program.
- Over 85% of Mutuals confirmed that they undertake Code training for all staff irrespective of the staff function or role. Some small and medium Mutuals are more selective and train a higher percentage of customer facing staff than those staff who perform support functions.
- 100% of large Mutuals provide Code training upon induction. Some smaller and medium Mutuals (14% and 5% respectively) provide Code training less formally in day to day activities.
- 61% of all Mutuals reported that they do not customise Code training according to staff function.
- Mutuals employ a wide variety of methods to undertake Code training, as illustrated in Graph 1 below. A significant majority of medium and larger Mutuals utilise online / computer based systems whilst more informal processes such as team meetings and on the job training are more commonly employed by smaller Mutuals.
- 79% of medium Mutuals utilise Abacus online training modules. These training modules are less commonly employed by the larger Mutuals (50%) given some have developed their own internal training programs.

**Graph 1: Types of delivery methods employed across all Mutuals to deliver Code training.**



The CCC encourages all Mutuals, if they are not already doing so, to adopt some of the more informal Code training mechanisms to assist their staff with their understanding of their Code obligations and how to apply these obligations in daily practice. These informal mechanisms include:

- Discussion about Code obligations at team meetings;
- Role play and case study exercises which may enhance the ability of staff to put Code training obligations into practice;
- Face to face discussion with supervisors and other staff about the application of Code obligations in day to day activities;
- Distribution of material such as the CCC quarterly newsletter ‘Accomplish’ to all staff.

#### **4.2 Recording and Tracking of Code Training Information**

Section 2 of the questionnaire examined how Mutuals maintain records of completed Code training and what elements of Code training are recorded.

The questions aimed to identify:

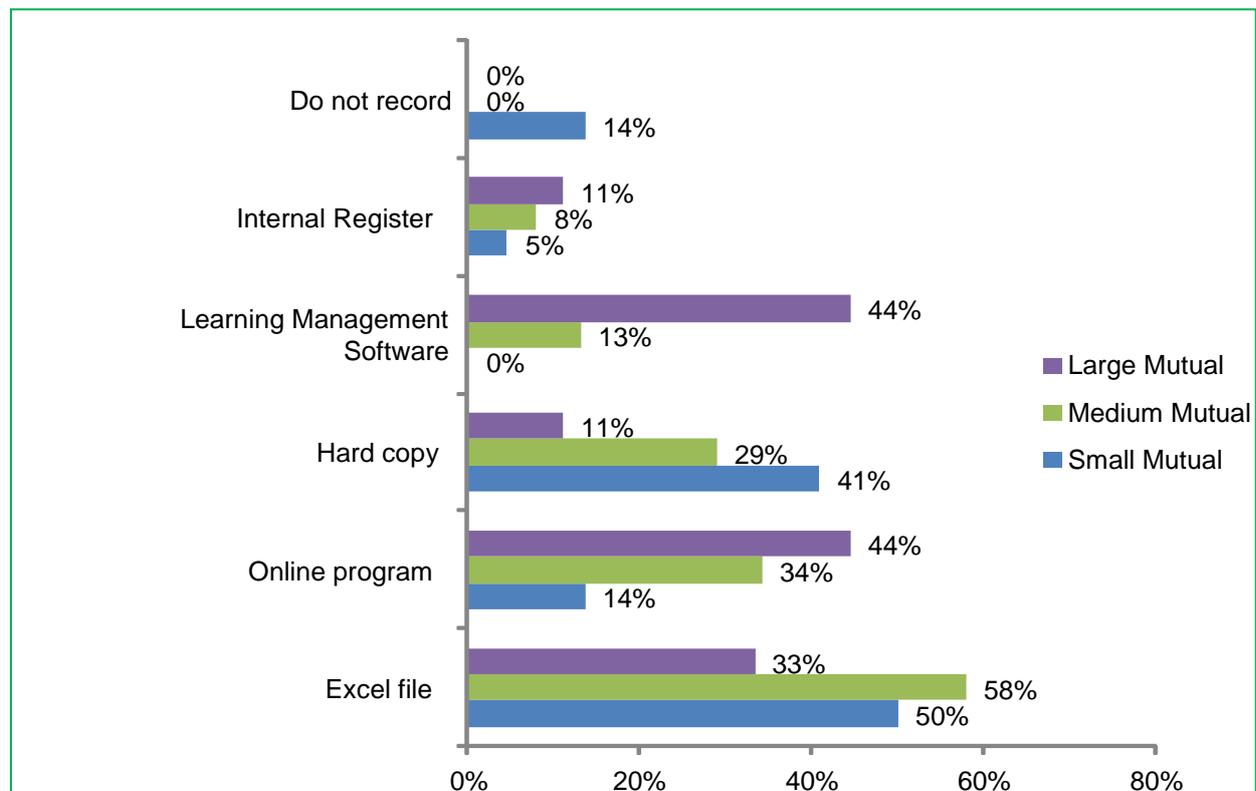
- the tools employed by Mutuals to formally record completed Code training;
- the elements of the Code training module recorded by the Mutual;
- the methods Mutuals employ to keep track of their Code training obligations.

The key results from Section 2 of the questionnaire are summarised below:

### Code Training Processes: Recording and Tracking of Code Information

- Mutuels employ a wide variety of methods to record the Code training their staff have completed (refer to Graph 2 below).
- The survey results indicate that 44% of large Mutuels have developed their own learning management software to record this information, while medium and small sized Mutuels more commonly employ electronic spreadsheets and written records for this purpose.
- The most common method by which larger Mutuels keep track of Code training undertaken was through an online training registry (78%). Most Mutuels send staff reminder emails of future Code training to be completed although this is not as common amongst smaller Mutuels. The staff in these Mutuels more commonly request their Code training status from management (45% and 41% in medium and smaller Mutuels respectively).
- The elements most commonly recorded in Code training registers across all Mutuels were name, training module, staff function and date of completion. Mutuels did not indicate whether pass/fail rates were recorded as part of the process or how requirements for additional training are completed.
- The CCC is concerned about the 14% of small Mutuels who stated that they do not record any information in relation to the completion of Code training.

**Graph 2: Types of delivery methods employed across all Mutuels to deliver Code training.**



The CCC encourages those smaller Mutuals who do not currently maintain any record of Code training to adopt some form of written record within the business which is appropriate for the scale and complexity of the business and which is in keeping with licensing obligations under ASIC Regulatory Guide requirements.

There are a number of inexpensive methods that could be adopted to record Code training undertaken including the use of word documents or training spreadsheets. The records should include reference to attendance lists, date of the training program undertaken, content covered and details of any follow up or future training required.

#### **4.3 Key Controls for Monitoring Compliance with the Code**

Section 3 of the questionnaire aimed to explore how Mutuals ensure their staff apply Code obligations in their dealings with members. The questions aimed to identify:

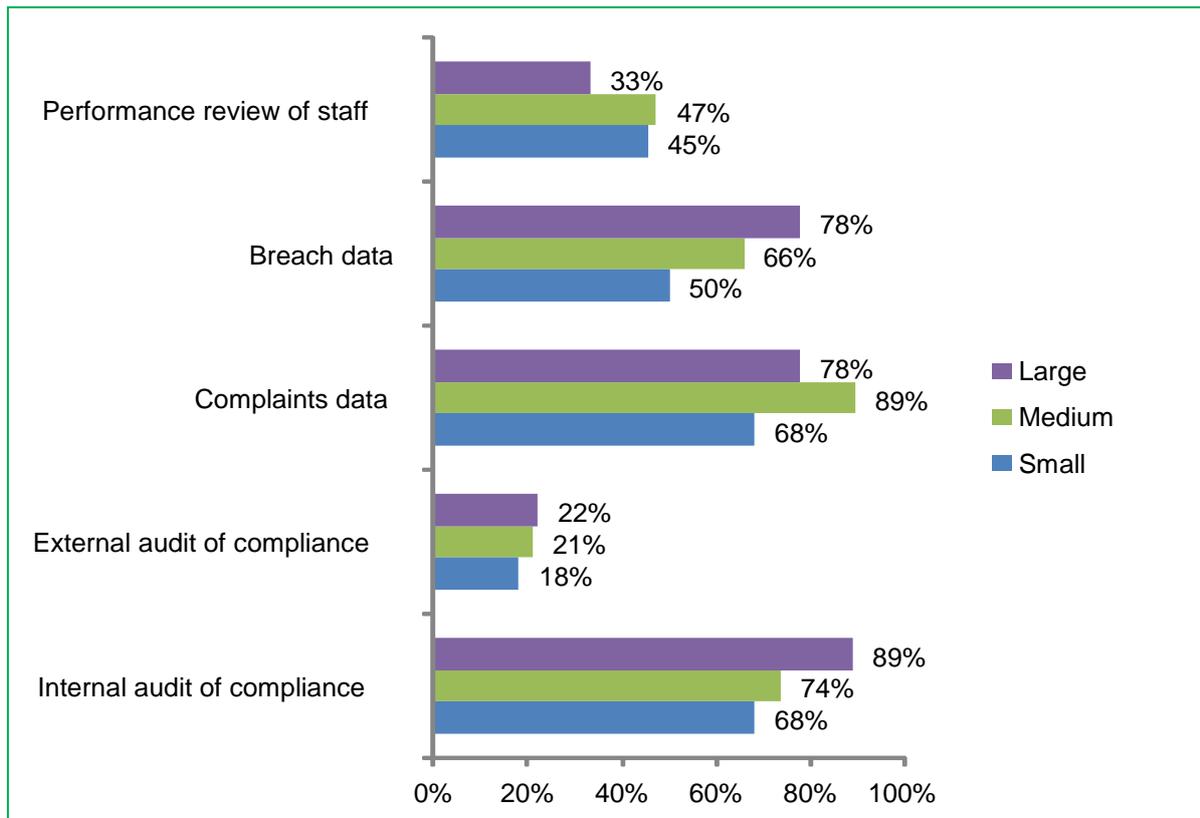
- how Mutuals keep their staff updated with current Code matters and complement initial Code training with refresher programs;
- the methods and frequency of refresher training on Code obligations;
- the processes Mutuals have implemented to monitor that Code obligations are being applied;
- how breaches of Code (potential and confirmed) are rectified; and
- how Mutuals record Code training.

The results from Section 3 of the questionnaire are summarised below:

##### **Key Controls : Monitoring Staff Compliance with the Code**

- Large Mutuals most commonly use online registries (78%) and reminder emails to staff (89%) as the mechanisms by which they inform staff of their Code training progress.
- Some smaller Mutuals (41%) place the onus on staff members to monitor their training progress.
- Larger Mutuals most commonly test staff annually on their Code obligations (67%) and include information about different Code obligations in regular internal circulars (44%).
- 23% of small Mutuals advised that they have no formal process to refresh staff on their Code obligations. Some smaller Mutuals rely on informal communication methods such as staff meetings, to refresh their staff on their code obligations. Other alternative refresher methods included coaching from supervisors and revisiting the Abacus online training material bi-annually.
- Mutuals of all sizes reported using shadow shopping and quizzes, to assess whether staff are meeting their Code obligations in their daily dealings with members. These methods are often coupled with on the job supervision and coaching, or simple observation by management.
- The methods used by Mutuals to evaluate their compliance with Code training obligations are outlined in Graph 3 below. Complaints data indicating root cause analysis, internal audits of compliance and breach data are the most commonly used methods in this respect.
- 14% of small Mutuals noted that they take no specific action in response to a breach of the obligations under Key Promise 10.

**Graph 3: Methods used to evaluate the Mutuals compliance with Code training obligations.**



The CCC has noted that some Mutuals fail to take specific action in response to Code breaches in this area. This CCC would expect all Mutuals to ensure compliance with their obligations in these areas and to remedy any non compliance in a timely and effective manner.

The CCC encourages Mutuals to review their monitoring and supervision of their obligations under Key Promises 5 and 10 and Part E, Section 2 of the Code. It is particularly important that all staff understand the code's obligations and can implement those obligations in practice. These activities also need to be monitored as part of the compliance framework.

#### 4.4 Feedback from Mutuals Regarding Current Training Practices

Section 4 of the questionnaire aimed to identify gaps in current Code training practices and sought feedback from Mutuals' regarding the limitations and challenges faced by the industry in respect of Code training, including areas such as:

- Mutuals' existing Code training practices;
- Current Code training resources; and
- Suggestions towards better industry practices and/or standards.

The results from Section 4 of the questionnaire are summarised below:

### Feedback regarding current practices

- 50% of medium and 59% of small Mutuels respectively, confirmed that time constraints and staffing resources restrict their ability to undertake Code training.
- Some smaller Mutuels confirmed they would like to receive regular information from valued sources about issues, interpretations and good industry practice in relation to Code requirements.
- Larger Mutuels had more systemised processes when reporting a breach in Code training while smaller Mutuels used more informal processes (if any).

## 5. Recommendations

After completing the Inquiry, the CCC makes the following recommendations in relation to the obligations found in Key Promises 5 and 10 and Part E, Section 2:

### Embed Key Promises in day to day practice

- Reference to relevant Code obligations should be included in all training modules, whether the training concerns product, service or procedure.

### Customise Staff Code Training

- Mutuels are encouraged to customise Code training depending on the size, nature and complexity of the business. Training can incorporate online training materials, modules customised to role or function, role play scenarios, case studies and on the job mentoring.

### Adopt Additional Informal Training Measures

- Reiteration of key messages about code obligations can assist in ensuring they are applied in practice. Use, newsletters, internal circulars and staff meetings for this purpose.

### Track and Record Code Training

- Code training completed by staff must be recorded. Smaller Mutuels in particular should consider developing a standard training checklist to assist them in meeting their Code obligations (refer Appendix D).

### Monitor the Application of Code Obligations

- Mutuels are encouraged to monitor the application of Code obligations in daily practice through, for example, monitoring contact calls with customers, shadow shopping and other simple day to day observations or supervision.

In the 2010/11 reporting year, 44 of the 99 Code subscribing Mutuels reported breaches of the Code to the CCC<sup>6</sup> via their Annual Compliance Statement Returns. Of the 419 breaches recorded by these Mutuels during this period, only 29 related to training and the application of code obligations in practice.

The CCC encourages Mutuels to remain vigilant in the reporting of Code breaches in relation to Key Promises 5 and 10 and Part E, Section 2. The CCC intends to focus on these areas of obligation in the 2011-2012 Annual Compliance Statement Returns.

<sup>6</sup> Mutual Banking Code of Practice Code Compliance Committee, Annual Report for the year ended 30 June 2011.

## 6. Next Steps

---

The CCC will provide each participating Mutual with a copy of this report and generic feedback on their results. This will allow each Mutual to compare their results with other Mutuels. The CCC will also provide Abacus with a copy of this report.

The CCC encourages each Mutual to revisit their obligations under Key Promises 5 and 10, and part E, Section 2 of the Code and implement any necessary changes to their processes and procedures to ensure their staff can deal with their members confidently in terms of Code obligations.

## Appendix A: Definitions

---

In this Report, and unless otherwise stated:

|                  |  |
|------------------|--|
| <u>Abacus</u>    | means Abacus - Australian Mutuals Limited  |
| <u>ASIC</u>      | means the Australian Securities and Investments Commission   |
| CCC              | see Committee  |
| Code             | means the Mutual Banking Code of Practice  |
| <u>Committee</u> | means the Mutual Banking Code Compliance Committee as specified in section 4 of the Constitution           |
| MBCCCA           | means Mutual Banking Code Compliance Committee Association   |
| Member/s Mutual  | means an individual or Small Business member or customer of a Mutual                                       |
| Mutual/s         | means a Credit Union, Mutual Bank or Mutual Building Society member of Abacus that subscribes to the Code. |

## Appendix B: Data Questionnaire

---

1. How many full time equivalent staff do you have in your organisation?  
[ ]
2. Is Code training embedded in a learning and development training program as part of your company's policy?  
 Yes  No

### **Code training processes: coverage, provider and delivery methods**

3. Who in the organisation do you train in Code compliance?  
 Customer-facing managers  Support functions managers  
 Customer-facing staff  Supporting staff  
 All Staff
4. Is Code training included as part of your induction training?  
 Yes  No
5. Do you customise further Code training specifically to staff function?  
 Yes; please give an example of where Code training is tailored specifically to a staff function, and explain in what ways this is carried out:  
[ ]  
 No; please state the main reason why you do not customise training to staff function:  
[ ]
6. Who is your Code training provider?  
 Internal training  Abacus  
 Other third parties - Please name the provider: [ ]
7. What is your delivery method for Code training? (Choose up to 3)  
 Online/ Computer based  On the job training  
 One-on-one training  Seminars  
 Workshops  Team meetings  
 Self-guided study (Scripts/readings)  
 When required - Please give an example: [ ]  
 Other - Please state: [ ]

Please describe your training processes (for example, Abacus computer training at induction, seminars twice a year etc):

### **Keeping track of Code training**

8. What tools do you use to track the completion of Code training?  
 Excel file  Online program  
 Hard copy  Do not track  
 Other - Please state: [ ]
9. What elements of Code training do you record?  
*Alternatively, please provide us with a copy of your training register.*  
 Name of employees  Staff function  
 Name of Code training module  Date of completion  
 Number of attempts at a module  Refresher course date  
 Future modules planned  None  
 Other - Please state: [ ]

10. How do employees keep track of their Code training progress?

- Certifications
- Access to online registry
- Reminders of future modules to complete
- Employees can ask for their progress
- They do not track their progress
- Other - Please state:

**Key Controls for monitoring staff's compliance with the Code**

11. What do you do to ensure your staff are refreshed on the Code? How often does this occur?

- Testing
- Staff Meeting
- External Newsletter
- Internal Circulars
- No formal process
- Other - Please state:

12. How do you monitor whether staff meet their obligations under the Code in their daily dealings with members? Please provide the 3 most common methods (for example, monitoring calls, shadow shopping, case studies, role play, examinations).

|    |  |
|----|--|
| 1. |  |
| 2. |  |
| 3. |  |

13. How do you evaluate your organisation's compliance with Code training obligations?

- Internal audit of compliance  External audit of compliance
- Complaints data  Breach data
- Performance review of staff  Other - Please state:

14. What steps do you take in response to a breach regarding Code training (if you have already identified a breach)?

- Report it internally to management  Report it through your breach register
- Report it to the CCC (If applicable)  Report to ASIC (If applicable)
- None  Other - Please state:

15. Please give an example of a potential breach in Code training and explain how it would be rectified (for example, incorrect information in training materials).

**Suggestions for improvement**

16. What factor would aid you most in carrying out more in depth Code training? (Please choose one)

- More funding
- More time / personnel availability
- A better IT infrastructure
- No major issues
- Other - Please state:

17. What do you think Abacus can do to help you meet your Code training compliance obligations?

18. Please add any other comments you may have regarding Code training.

## Appendix C: Key Statistical Questionnaire Findings

|   | Small <sup>7</sup> | Medium | Large |
|---|--------------------|--------|-------|
| <b>Is Code training embedded in a learning and development training program as part of your company's policy?</b> |                    |        |       |
| Yes   | 91%                | 97%    | 100%  |
| No  | 9%                 | 3%     | 0%    |
| <b>Who in the organisation do you train in Code compliance?</b>   |                    |        |       |
| Customer-facing managers  | 95% <sup>8</sup>   | 97%    | 100%  |
| Support functions managers  | 86%                | 89%    | 100%  |
| Customer-facing staff   | 95%                | 100%   | 100%  |
| Supporting staff  | 86%                | 89%    | 100%  |
| All Staff   | 86%                | 89%    | 100%  |
| <b>Is Code training included as part of your induction training?</b>  |                    |        |       |
| yes   | 86%                | 95%    | 100%  |
| no  | 14%                | 5%     | 0%    |
| <b>Do you customise further Code training specifically to staff function?</b>                                     |                    |        |       |
| yes   | 32%                | 45%    | 33%   |
| no  | 68%                | 55%    | 67%   |
| <b>Who is your Code training provider?</b>  |                    |        |       |
| Internal training   | 82%                | 55%    | 56%   |
| Abacus  | 50%                | 79%    | 56%   |
| Other third parties   | 5%                 | 5%     | 11%   |
| <b>What is your delivery method for Code training? (Choose up to 3)</b>   |                    |        |       |
| Online/ Computer based  | 50%                | 82%    | 89%   |
| On the job training   | 64%                | 29%    | 44%   |
| One-on-one training   | 18%                | 21%    | 11%   |
| Seminars  | 9%                 | 0%     | 11%   |
| Workshops   | 9%                 | 16%    | 11%   |
| Team meetings   | 68%                | 50%    | 22%   |
| Self-guided study (Scripts/readings)  | 14%                | 18%    | 33%   |
| When required   | 18%                | 16%    | 11%   |
| Other   | 9%                 | 11%    | 22%   |
| <b>What tools do you use to track the completion of Code training?</b>  |                    |        |       |
| Excel file  | 50%                | 58%    | 33%   |
| Online program  | 14%                | 34%    | 44%   |
| Hard copy   | 41%                | 29%    | 11%   |
| Do not track  | 14%                | 0%     | 0%    |

<sup>7</sup> Each of the columns represents data for each category of Mutual (Small, Medium, and Large). Each column may not total to 100% as multiple options can be chosen for many questions.

<sup>8</sup> To get to the percentage results, the total number of Mutuals in a category who selected the option was divided by the total number of Mutuals in that category.

|  | Small <sup>9</sup> | Medium | Large |
|--|--------------------|--------|-------|
| Learning Management Software   | 0% <sup>9</sup>    | 13%    | 44%   |
| Internal Register  | 5%                 | 8%     | 11%   |
| Other  | 5%                 | 21%    | 56%   |
| <b>What elements of Code training do you record?</b>   |                    |        |       |
| Name of employees  | 68%                | 100%   | 100%  |
| Staff function   | 14%                | 42%    | 78%   |
| Name of Code training module   | 55%                | 92%    | 100%  |
| Date of completion   | 68%                | 95%    | 78%   |
| Number of attempts at a module   | 0%                 | 21%    | 33%   |
| Refresher course date  | 23%                | 26%    | 44%   |
| Future modules planned   | 5%                 | 13%    | 11%   |
| None   | 18%                | 0%     | 0%    |
| Other  | 14%                | 16%    | 22%   |
| <b>How do employees keep track of their Code training progress?</b>  |                    |        |       |
| Certifications   | 9%                 | 26%    | 56%   |
| Access to online registry  | 9%                 | 18%    | 78%   |
| Reminders of future modules to complete  | 23%                | 42%    | 89%   |
| Employees can ask for their progress   | 41%                | 45%    | 78%   |
| They do not track their progress   | 36%                | 16%    | 0%    |
| Other  | 14%                | 18%    | 33%   |
| <b>What do you do to ensure your staff are refreshed on the Code?<br/>How often does this occur?</b>                     |                    |        |       |
| Testing  | 32%                | 42%    | 67%   |
| Staff Meeting  | 77%                | 42%    | 33%   |
| External Newsletter  | 5%                 | 5%     | 0%    |
| Internal Circulars   | 14%                | 37%    | 44%   |
| No formal process  | 23%                | 5%     | 11%   |
| Retraining   | 5%                 | 26%    | 33%   |
| Other  | 9%                 | 32%    | 33%   |
| <b>How do you evaluate your organisation's compliance with Code training obligations?</b>                                |                    |        |       |
| Internal audit of compliance   | 68%                | 74%    | 89%   |
| External audit of compliance   | 18%                | 21%    | 22%   |
| Complaints data  | 68%                | 89%    | 78%   |
| Breach data  | 50%                | 66%    | 78%   |
| Performance review of staff  | 45%                | 47%    | 33%   |
| Other  | 5%                 | 13%    | 11%   |
| <b>What steps do you take in response to a breach regarding Code training (if you have already identified a breach)?</b> |                    |        |       |
| Report it internally to management   | 55%                | 76%    | 67%   |
| Report it through your breach register   | 64%                | 71%    | 78%   |
| Report it to the CCC (If applicable)   | 41%                | 58%    | 56%   |
| Report to ASIC (If applicable)   | 41%                | 50%    | 56%   |
| None   | 14%                | 5%     | 11%   |
| Report it to the Board   | 0%                 | 13%    | 0%    |

<sup>9</sup> Results in the pink boxes indicate that it was not a survey option originally. However, because a significant number of Mutuals provided the same answer in the free-text, it has been included.

|  | Small <sup>7</sup> | Medium | Large |
|--|--------------------|--------|-------|
| Have not identified a breach   | 5%                 | 8%     | 11%   |
| Other  | 14%                | 26%    | 33%   |
| <b>What factor would aid you most in carrying out more in depth Code training? (Please choose one)</b> |                    |        |       |
| More funding   | 9%                 | 18%    | 0%    |
| More time / personnel availability   | 59%                | 50%    | 22%   |
| A better IT infrastructure   | 5%                 | 26%    | 11%   |
| No major issues  | 36%                | 34%    | 67%   |
| More assistance from Abacus  | 9%                 | 0%     | 11%   |
| More assistance from CCC   | 0%                 | 8%     | 0%    |
| Other  | 14%                | 16%    | 22%   |

## Appendix D: Sample Code Training Checklist

The following is a sample checklist designed to assist smaller Mutuals in particular, develop their own Code Training assessment checklist. It is not a substitute for legal or compliance advice.

| Action item   | Reviewed By | Date of review | Completed |
|---|-------------|----------------|-----------|
| Do we require staff to undertake a standard Code training module?   |             |                |           |
| Are Code training obligations included with training programs for all our products and services?                |             |                |           |
| Are our training methods flexible and conducted through various formal and informal mediums?                    |             |                |           |
| Are we recording when Code training is completed, by whom and the content covered?                              |             |                |           |
| Are our Code training programs customised for different staff functions and / or roles?                         |             |                |           |
| Do we re-iterate the 10 key promises of the Code in other ways, for example via newsletters, team meetings etc? |             |                |           |
| How and when do we ensure our staff are refreshed on their Code training obligations?                           |             |                |           |
| How do we evaluate the application of our Code training obligations in our daily practice?                      |             |                |           |
| Do we use our performance management framework to identify conduct that is inconsistent with Code obligations?  |             |                |           |
| What process do we adopt in response to a Code breach concerning Code training?                                 |             |                |           |