# FSU Submission: Sedgwick Review into remuneration 2021

Finance Sector Union

**Finance Sector Union**
National Secretary: Julia Angrisano
2/341 Queen Street
Melbourne VIC Australia 3000

Ph: 1300 366 378

This submission was prepared by the FSU's Policy and Research team – April 2021
E: respol@fsunion.org.au

www.fsunion.org.au

# FSU Submission: Sedgwick Review into remuneration 2021

---

## Contents

## Introduction and background

In 2016 Stephen Sedgwick was engaged by the Australian Banking Association (ABA) to complete an independent review into product sales commissions and product-based payments in retail banking in Australia. This review is referred to as the "Sedgwick Report" that was released on 19 April 2017. The report recommended changes to be implemented over a 3-year period with a mid-point review (conducted in 2019) and a final review in 2021.

This submission references the initial Sedgwick report and pays attention primarily to 13 of the report's recommendations that were most likely to have an impact on frontline workers.

This submission argues that despite some welcome changes and explicit acknowledgement of the negative impact that banking culture was having on providing good quality ethical banking services, the core driver to sell at any cost still prevails.

The FSU submission will provide an overview of the methodology we undertook to provide the feedback and research to prepare this submission. We will then canvas how 13 of the recommendations from the 2017 Sedgwick were implemented and the impact of these changes on banking culture, through the eyes of front-line staff. We will then use a ranking system to determine if the banks are meeting, exceeding, or falling below expectations on each recommendation.

Our submission will provide a snapshot of the psychosocial impacts of bank culture which has been prepared based on some research produced by a partnership between the FSU and the University of Divinity's Religion and Social Policy Network in 2020. During the final year of the implementation phase of the Sedgwick Report the world was turned upside down with national and state-wide lockdowns as we responded to a health crisis that continues to have drastic impacts on our economy and the way that we work. The FSU submission draws out some of the impacts of COVID19 on frontline workers in the banking sector and the response of the Banks to this crisis. Finally, we will provide feedback on the current state of play and the issues that continue to challenge bank workers.

## Methodology

In preparing this report the FSU conducted an in-depth survey of FSU members referencing 13 of the Sedgwick Report recommendations as well as general questions about what changes they have seen since the initial report was tabled in 2017. The survey was open for 3 weeks and invitations to participate were sent to all FSU members who work for ABA member employers.

FSU members were also invited to submit in confidence to the FSU copies of any "evidence" they might have to support what they were telling us, particularly when they were telling us that things had not changed. This evidence is referred to in this report however we have not included it to protect the identities of FSU members who have provided this information.

The FSU survey was followed by 4 focus groups that were held with FSU members who expressed an interest in participating in the Sedgwick review. Focus group attendees were invited to comment on 13 of the recommendations contained in the Sedgwick Report as well as quotes from ABA CEO Anna Bligh's statement at a February 2021 Senate hearing into the changes to the responsible lending laws where she said that Bank Culture has changed and that the linking of remuneration and bonuses to direct sales targets has been abolished[1].

All this information has been collated alongside FSU experiences since 2017 in dealing with member grievances and disputes about this topic.

## Implementation of recommendations from Sedgwick Report 2017

The FSU survey and FSU focus groups addressed 13 of the Sedgwick report's initial recommendations and whether staff thought that these recommendations have been implemented. The general view of focus group participants was that the Sedgwick recommendations have been implemented unevenly and not in the right spirit. Language has been changed and nuanced, but the underlying problems still exist. The stress and pressure to meet targets is still omnipresent.

This submission will address each of the 13 Recommendations the FSU focused on in turn.

[1] https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;query=Id%3A%22committees%2Fcommsen%2Fed3a8dfe-c954-4b38-a7fd-f660cc7becf2%2F0001%22

## Recommendation 1

Banks remove variable reward payment and campaign related incentives that are directly linked to sales or the achievement of sales targets. That means that you should NOT have bonuses, rewards or incentives directly linked to "selling things".

Survey responses: 58% of survey respondents indicated that they still have sales campaigns that attract rewards for exceeding or meeting sales targets.


When asked in the survey about the details of the sales campaigns or sales targets survey respondents said:

*"Still have targets hidden as needs met these are used to establish if you get bonus or pay rise at end of year still a big push on sales numbers" (sic)*

*"There is not one name as it's* ongoing. *We must refer customers to specialists and input our opportunity to reach our targets. Our bonuses are attached to our performance, therefore if we don't reach targets we don't receive incentives*."

*"we have targets for lending, deposits and other produces such as trade, debtor finance and equipment finance" (sic)*

*"product sales are now called 'other needs met' or 'needs met' and my sales staff have to have a minimum 'mix' of products, which is on their 'scorecard' and a large part of the KPI. It is tracked, and reported on weekly"*

*"Whilst we do have specific sales targets our bonuses are still reliant on the bank meeting money targets so it's a backyard way to implement sales targets without actually doing it."*

*"They have simply changed our targets format from specific Deposit accounts, lending, Insurance etc to a "Needs Met" meaning we now have certain criteria that needs to be met on the opening of a new Account before it is counted as an achieved target. For example a new account requires 2 deposits of a min $500 within 60days, online banking must be activated and show that its being used etc. As a result I believe this new system of targets actually creates more pressure for Sales staff and also is discriminatory towards elderly who either cannot or do not want to use channels like online banking."*

*"Insurance campaign we got a breakfast if the branch got the highest sales"*

*"General insurance sale incentives winner gets lunch or bouchers" (sic)*

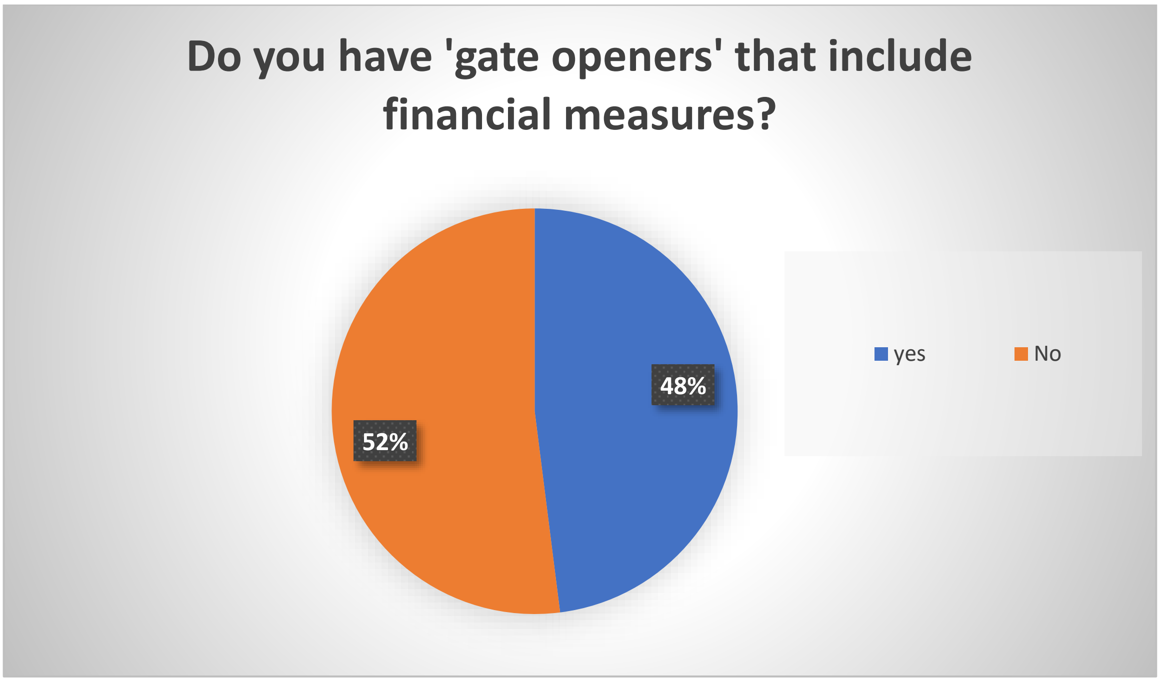
*"No rewards but lots of threats - micromanaged to perform or pressured to leave"*

*"We dont have any campaigns, but the 'needs met' (assisting customers but only with a 'product sale based outcome') is nmot only alive and kicking but I have never seen susch a sales focus in the last 3 years. Managers even get 'coached' when staff, and thus branch are not above plan/target." (sic)*

This is just a small sample of the hundreds of responses we received. When asked how this information was communicated with them the responses were a mix of emails to staff and managers verbally explaining these requirements.

## No bonuses relying on financial measures to be 'gate openers'. This includes gate openers that are cross sales, referral targets or profit and revenue targets

48% or respondents to the FSU survey indicated that they have 'gate openers' that include financial measures.



When asked in the survey about the details of the gate openers survey respondents said:

*“referrals that lead to sales that are then called 'needs met' or 'branch productivity'...they just change the wording but means SALES!”*

*“Even through at a National Level Financial targets have been reframed or imagined, locally it is encouraged to make your own charts to track performance on financial measures only. At calibration financial is a measure that is essentially a knock out.”*

*“Growth, needs met, files to T & O, drawdowns”*

*“Minimum 'other needs met, being accounts, insurances or referrals' and home loan numbers per week”*

*“Funding at least $15 mil every half and NPS at least 80%”*

*“We have to achieve growth targets in order to be marked as acceptable performance which then dictates the level of incentive payments”*

*“Min 3 other sales per week to achieve target. This includes accounts credit cards or insurance referrals”*

*“Draw down numbers. Needs met, which I sell insurance, open account, and credit cards. They say talk to customer is enough but if u do not sell they will grill you to why.”*

*“Branch performance. New home loans, credit cards, new accounts”*

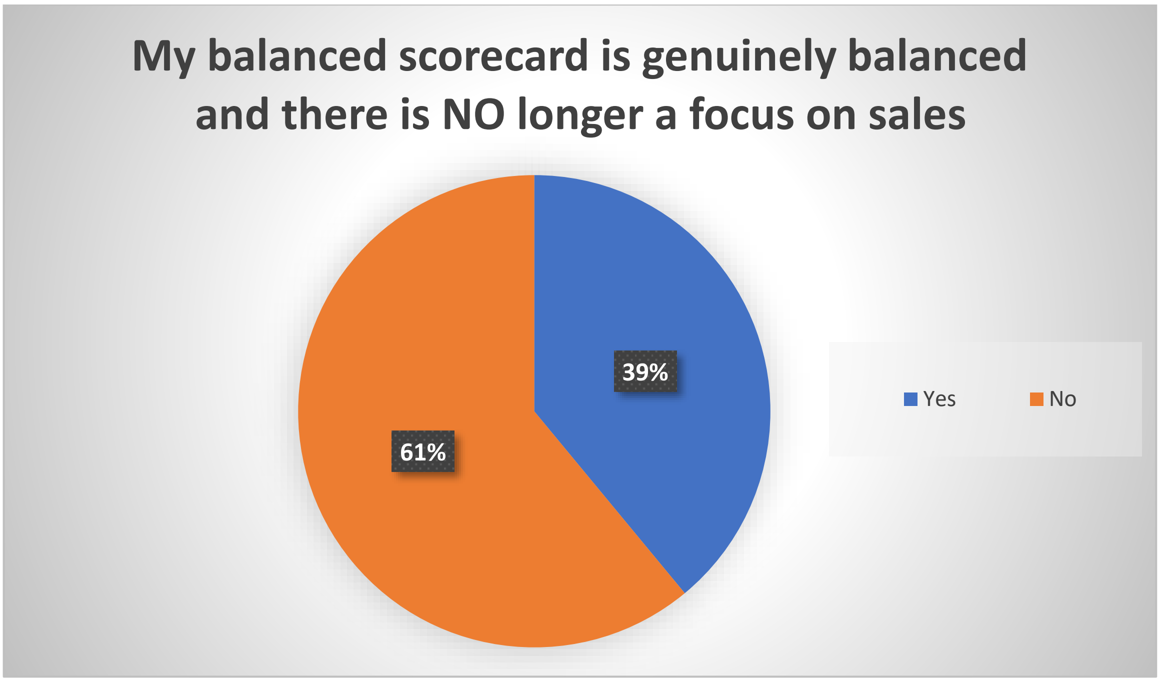
This is a small sample of the responses received in the survey. When asked how the gate opener requirements were explained to them, for those who had gate openers the majority responded that these requirements were explained verbally by their managers.

## Recommendation 1 – performance rating = Needs Improvement ☹

## Recommendation 2

Balanced scorecards. Balanced scorecards are acceptable if they measure a range of skills and outcomes. This can include a financial component.

We asked survey respondents to tell us their experience of balanced scorecards and the changes that their employer had implemented because of the Sedgwick Report and/or the Royal commission. Of particular concern only 39% of respondents indicated that there had been real change and that their "balanced" scorecard was indeed balanced without a focus on financial components.




Implementing a 'Balanced Scorecard' regime to the awarding of bonuses and remuneration was a key outcome of the 2017 Sedgewick review and in particular the scorecard were recommended to be appropriately constructed to keep financial metrics in 'balance' with other measures. [2] All focus group participants believed their scorecards were still biased towards financial metrics.

The following are quotes from focus group participants:

> ***Group B Participant***: *"It's calling the apple yellow. You still have targets, but you are saying that they are not on our scorecard as much. They say customer satisfaction is more important that the sales but no, it isn't that way. Because why do we have to give our results or leads to*

[2] Sedgwick Retail Banking Remuneration Review Report 19.04.2017 https://www.retailbankingremreview.com.au/wp-content/uploads/2017/04/FINAL_Rem-Review-Report.pdf p.8

*our leader. I.e. calls, contacts, how many home loan leads, how many leads I've done. I don't write I've served this many people and people were happy or not.*

*They ask transactions if were low. Why was that? They do care if the customer was happy, but sales is the number one driving force. Why do I need to add my numbers on a leader board? It is a behaviour tracker. Who is the best person in the area or the branch who is doing more calls and leads? There is a slight difference in the ways the bank sees the customer satisfaction. We have more breadth on giving special things to customers if we need to. Sales is the number one thing still. We get rated too".*

***Group D Participant:** "Aesthetically they are doing that, no sales boards as such, but it's still there in other forms. I find the whole thing amusing. Everything is based on a metric. It would be really nice to be judged on your conversations but you're just not".*

***Group D Participant:** "I was in a different branch today -[redacted], they have a board up with what everyone needs to achieve. But not what everyone has got so far. The manager sent through everyone's stats by mistake and we could see everything for the whole year".*

***Group A Participant:** (My)Scorecard has 3 components, risk, other needs met & appts booked, net refinance, home loan drawdowns. It's really weighted towards financial measures. Perfect files and happy customers mean nothing if you don't drawdown enough home loans. Recently lost 10/12 managers and lenders. We only have 3 lenders across the LAM of 11 branches. Anyone who has come to NAB in the last 5 years is now gone.*

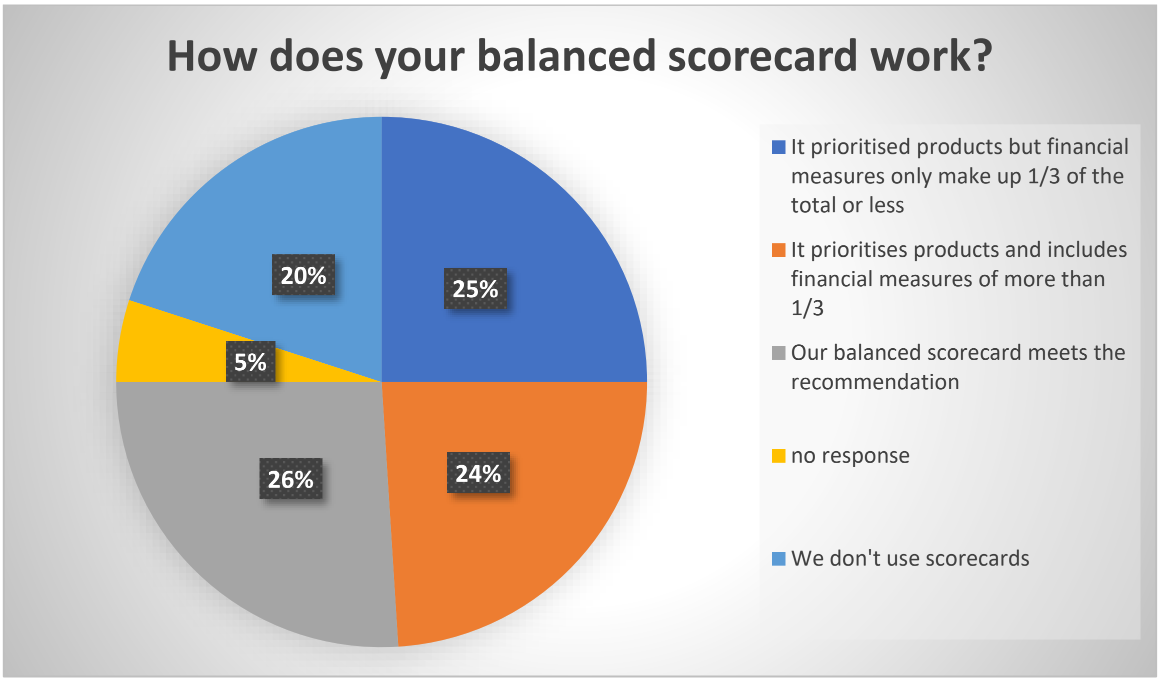
***Group D Participant:** "We work on a system where a board is displayed that shows the metrics for goals / targets. 12 months ago, it was individually based. The targets move every week. Those who were struggling to meet the benchmark were then underperforming. Yesterday I was so close to getting the target and today it has moved again".*

## Recommendation 2 – performance rating = Needs improvement ☹

## Recommendation 3

Balanced scorecards should not have an incentive to prioritise any one product and the financial measures should make up no more than 1/3 of your total scorecard. How does your balanced scorecard work?

We asked survey respondents how their balanced scorecards work and there were a variety of responses that are set out below:




Focus group participants responded:

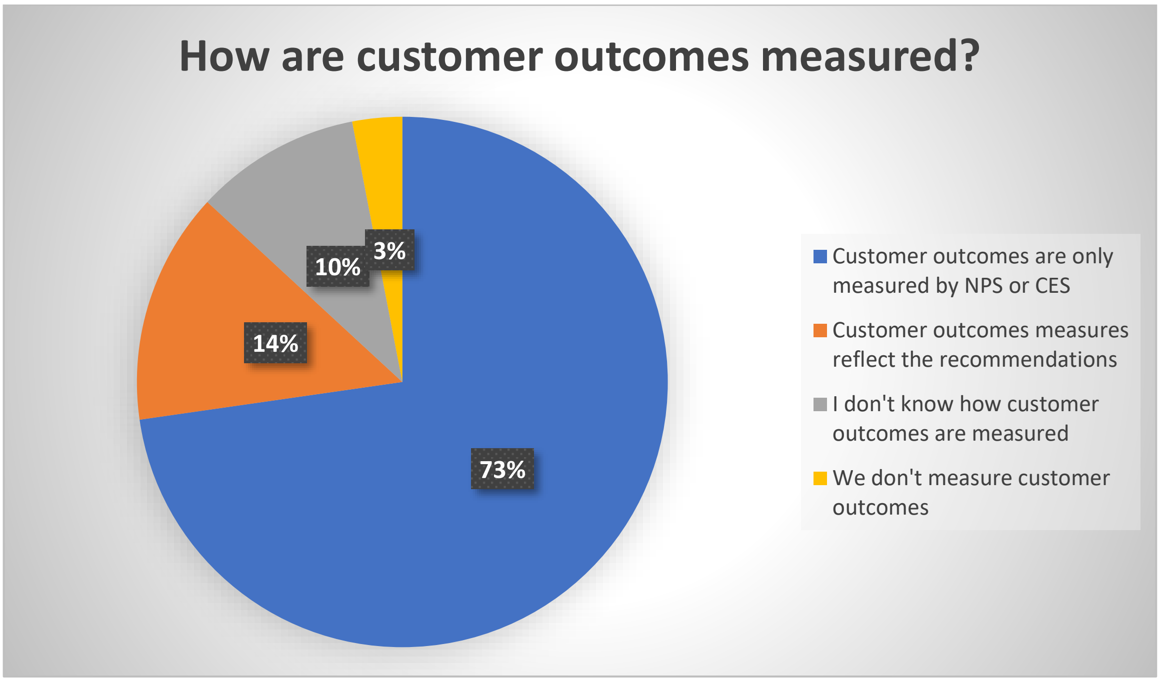
> ***Group A Participant:*** *"Scorecards are balanced but there are KPI's hidden in the behaviours. Leader boards are still a thing. Pay lip service to behaviour and focus on what your targets are every week".*

Recommendation 3 – Performance rating = Needs improvement ☹

## Recommendation 4

Customer measures should be customer-centric and tailored to your particular role. They shouldn't only measure customer loyalty and satisfaction. Measures such as NPS or CES are not the only way to measure customer outcomes.

We asked survey respondents how their employer measures customer satisfaction. Only 14% of respondents indicated that their customer satisfaction scores met the recommendation. Their responses are set out below.




Focus group participant comments on customer outcomes:

> ***Group A Participant:*** *"customer metrics do play a part. We are marked down if a customer complains about wait time, but we are constantly understaffed. I still need to achieve targets around general insurance, personal loans, and credit cards. Everything has gotten worse. I'm having talks with my FSU Rep. The culture is so bad that lenders are leaving, even staff who are close to retirement are leaving to unemployment. If anything since the RC things have just gotten worse. The banks think that no one is watching since the Royal Commission they're just slipping things back in and its now worse than ever."*

> ***Group B Participant:*** *It is not accurate. In Westpac customer satisfaction is called net promoter score. If you have set up an account, the customer gets a follow up call to rate your performance and the bank's performance. If you get anything under 8 the branch score goes down. So, if the interest rate goes up and the customer is happy with you but rates the bank low because the customer is not happy with the bank because of the rate. Or the bank queue length. And it is nothing directly to do with you, but it says you are not meeting that metric. We try to tell customers to rate high because customers think 7 is a good score but it isn't high enough for the Westpac levels. We have a leader board, but the sales is not there. The*

*number of customer needs review and referrals are put in there. And this doesn't relate to your bonus. So, the words have changed but it is all still there.*

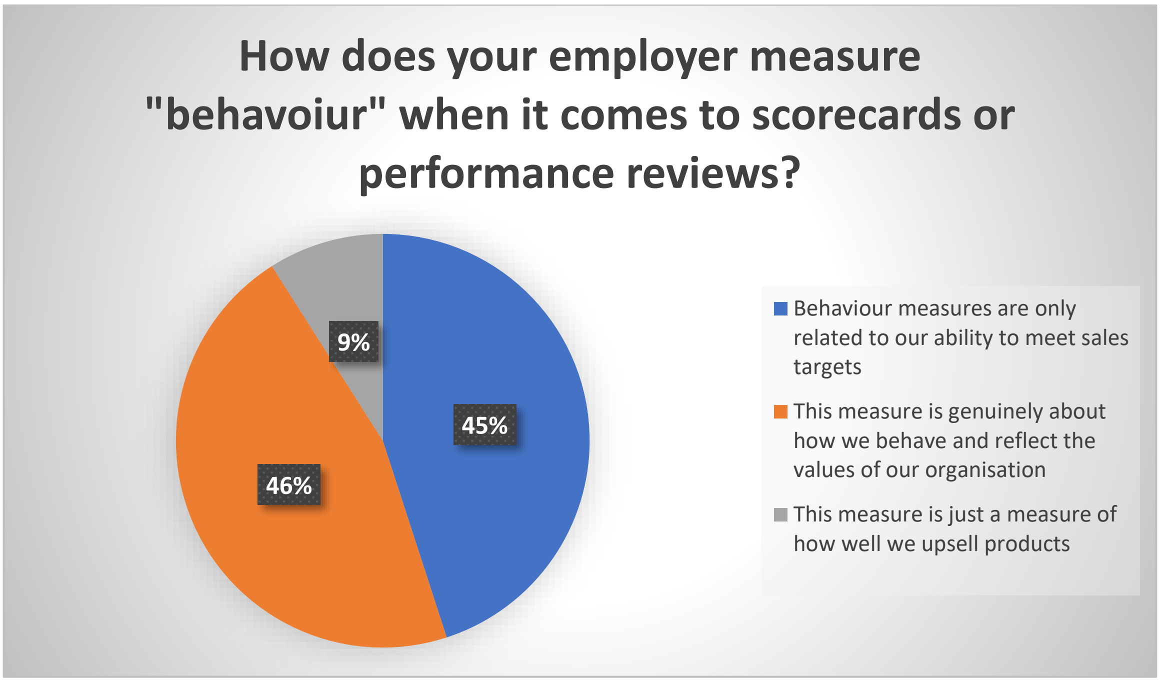
***Group B Participant:*** *Westpac is not meeting this for NPS. They are using the staff for the bank to get a good score. You need to do everything good so the bank gets a good score but there is so many things that aren't in your control.*

## Recommendation 4 – Performance rating = Needs improvement ☹

## Recommendation 5

### Your behavioural (or value) measures in your scorecard or performance review should not be "code" for or include financial measures.

We asked survey respondents “how does your employer measure "behaviour" when it comes to scorecards or performance reviews?” Their responses are set out below.




Focus group respondents made the following comments:

> ***Focus group C & D Participants:*** *We have measures to how much money we make the bank. I could get 100% in behaviours but if I don’t hit the targets it’s all over. My manager’s manager wanted to put me on a performance review, but my manager said no, but just make sure you hit your targets for the next 4 weeks. People with rubbish behaviours but hitting targets get pushed up the line, it’s not about the behaviours.*

> ***Focus group B Participants:*** *“Bonuses are linked to KPI’s not behaviours. The scorecards are complex and there’s so many things in them and they come under certain headings. If you get one thing wrong under a heading you miss the whole lot. They’ve been set up so the bank can pick and choose what you are judged on. If you question stuff they’ll nit-pick your scorecard. The system is set up to reward people who don’t ask questions or make waves”.*

> *“I agree with that. Manager has our back and advocates for us. Was marked down to a 2 purely on KPI’s manager said no, they’ve met every behaviour so should be a 3. Branch is only open for 3 hours a day.”*

> *"The behaviours, it is totally ambiguous. You can have a manager who hates someone else's work. ie I don't get on with my manager so she says my behaviours aren't right. It is just an opinion. You can help lots of customers but you didn't get any leads or referrals".*

> *"Behavioural measures on scorecards depends. If you get a manager who doesn't get on with it can be bad. And if you have served 15 customers and you will have helped them, but you won't have sold them anything and that doesn't seem to count".*

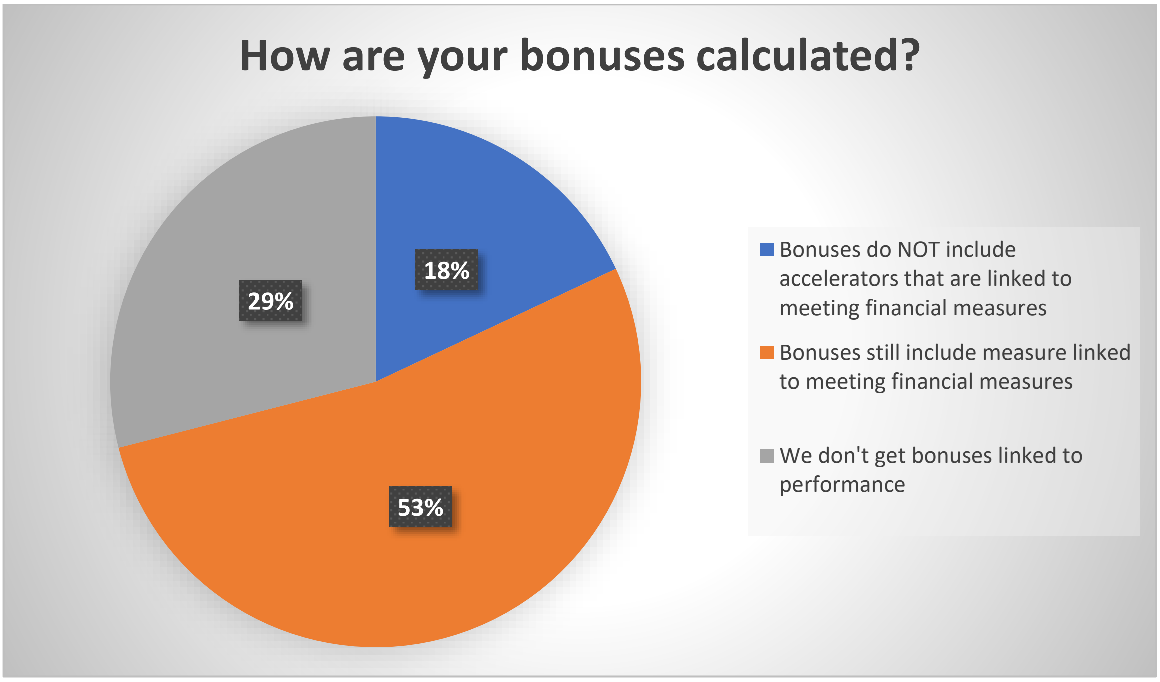
We were provided with samples of some of the bank's Performance and Reward framework for various roles that demonstrated the role of "behaviours" in performance frameworks.

## Recommendation 5 – Performance rating = Needs improvement ☹

## Recommendation 6

### Bonuses should no longer include accelerators that are linked to meeting financial measures.

We asked survey respondents to tell us about their bonuses their responses are set out below:




Focus group participants spoke about the changes that have taken place in the last few years. They mentioned that some group of employees are not eligible for bonuses and that those employees often "help" their colleagues who are eligible for bonuses by allocating their referrals or sales to staff who "need" them to meet their targets and achieve bonuses.

*"I certainly don't get a bonus for reaching overall performance, I only get a bonus if they hit targets components".*

*"We don't have bonuses as such being front line staff. It's more about being able to manipulate the stats by getting walk ins wanting home loans and the like".*

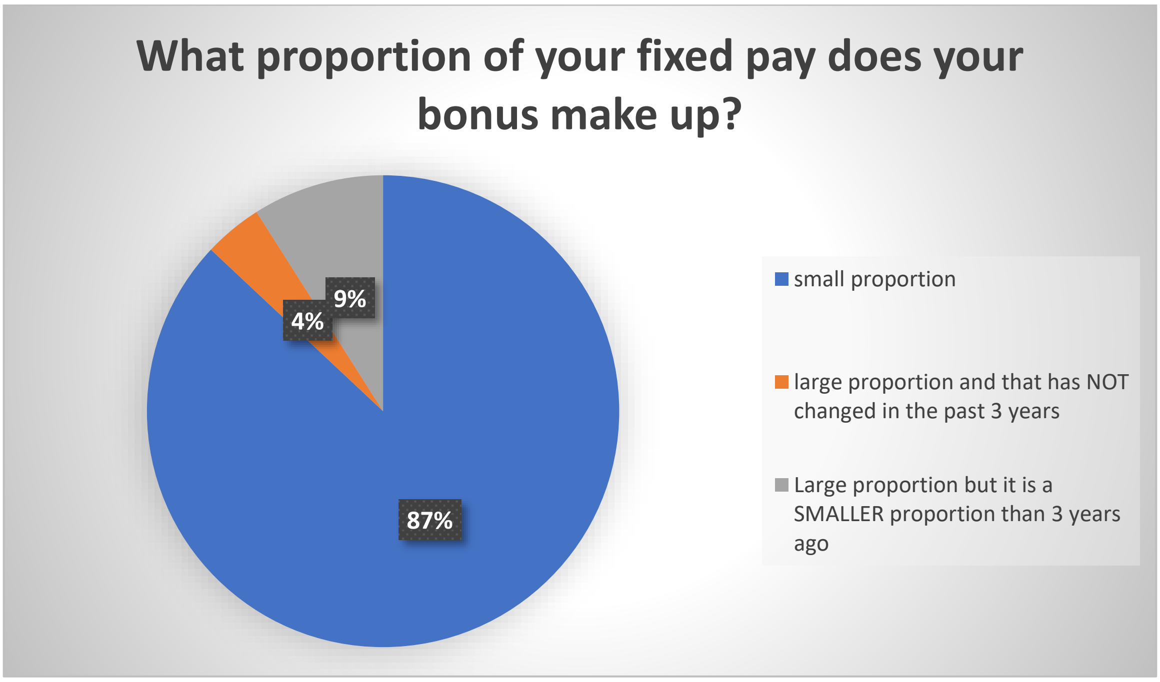
*"We have a massive problem with bullying and harassment because people will do anything to meet* their targets".

### Recommendation 6 – Performance rating = Needs Improvement ☹

## Recommendation 7

The proportion of a bonus compared to fixed pay should be small - if the bonus formed a large proportion compared to fixed pay it should have been transitioned down.

We asked survey respondents what proportion of their pay is a bonus and if that had changed in the last 3 years. This was one recommendation that seems to have been implemented as it was intended for the majority of respondents who work in front line banking roles. For those who do get bonuses almost 90% report that it is a small proportion of their fixed pay and 9% of those who have a large proportion report that the proportion has fallen in the past 3 years. The responses are set out below:




It should be noted that our survey and focus group participants were heavily weighted with participants who work in front line roles and who have never had access to enormous bonuses. For this reason we have arrived a “meets expectations” rating. To receive an “exceeds expectations” rating we would need to have had a large enough sample of high income earners in roles that attract large bonuses who confirmed that this has also been their experience.

## Recommendation 7 – Performance rating = Meets expectations

## Recommendation 8

The organisation should proactively examine how the culture and behaviour was geared towards a sales culture and fix these behaviours so that the focus changes to a focus on ethical behaviour and better customer service.

We asked survey respondents if they had any knowledge of a review taking place over the last 3 years. Their responses are set out below. While it is heartening that cultural reviews have been undertaken it remains a concern that for a third of respondents, they were not aware of such a review taking place. One questions the efficacy of a cultural review that didn't include canvasing the views of frontline staff.


Focus group participants added:

> ***Focus Group A Participants:*** *"There's not enough hours in the day to achieve everything that is asked. I've never ever been pulled up on anything except the sales number."*

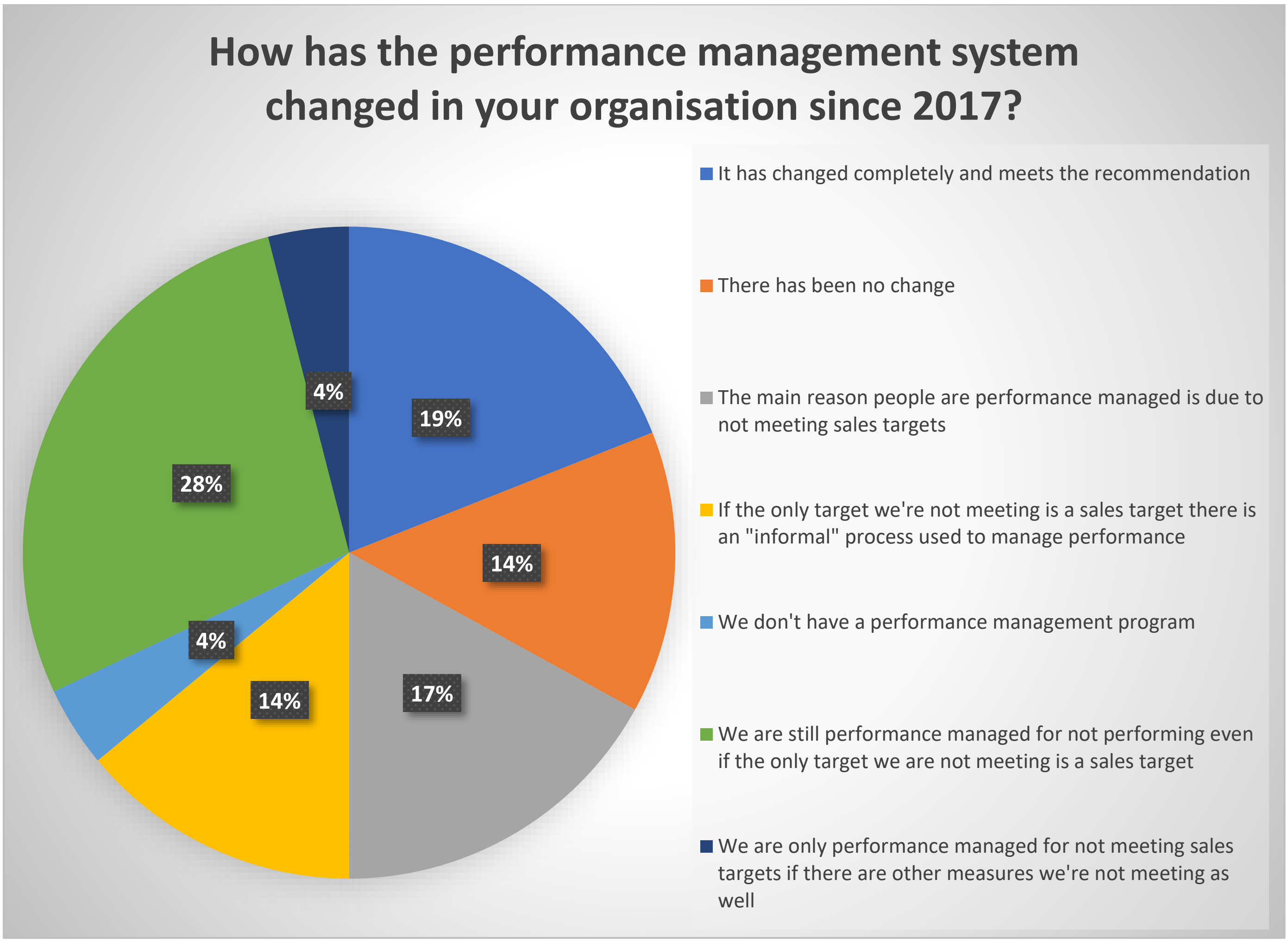
> ***Focus Group C & D Participants:*** *"It's not happening where I am. It's basically about people who are liked. One person who outperformed those who got the big bonuses was knocked back because there wasn't room in the budget."*

## Recommendation 8 – Performance rating = Needs improvement ☹

## Recommendation 9

### Performance management programs should change to ensure sales culture is not the driving factor of poor performance.

We asked survey respondents to tell us about how your performance management program has changed since 2017. Their responses are set out below.




One of our focus group participants notes the difference in how performance is managed now compared to prior to 2017. This participant shares that managerial prerogative about how to manage performance outcomes has been severely curtailed:

> *"In the past 3 years I have not had a pay rise because I did not meet the minimum performance review score of 3B or above. One of the sections of the performance review is dependent on whether the branch meets sales targets. Another section is dependent on the score the customer gives you on a feedback survey emailed or SMS to the customer after you have completed a DAZ3 on the customer. All the ANZ staff members I have spoken to say they usually make up most of the information they input to complete the DAZ , because most of*

[3] A DAZ is a Desktop A-Z review that allows you to input in depth factual personal and financial information about the customer. It is designed to capture customer goals in order to recommend suitable products and services.

*the time the customer is not willing to disclose the information. If we don't complete DAZ, we are questioned and pressured.*

*Before 2017 my managers would have the discretion to bump my score up to 3B because they believe I deserve it even though I did not meet targets. This is no longer possible since the ANZ rewards reimaging came in. There is no option for managers to use their discretion, the template is Pre populated with statistics about profit, whether branch targets are meet, scores from customer feedback surveys." (sic)*

Another focus group participant shared an email with the FSU that had been received from the bank's "account manager" at the large general insurance company that supplies the insurance products to bank customers. This email was an invitation to catch up to discuss the employee's (General Insurance) outcomes with an offer to "assist to help you achieve the needs met and the spot and refer process"

FSU members supplied us with copies of performance coaching documents that reinforced the focus on meeting targets that includes financial measures.

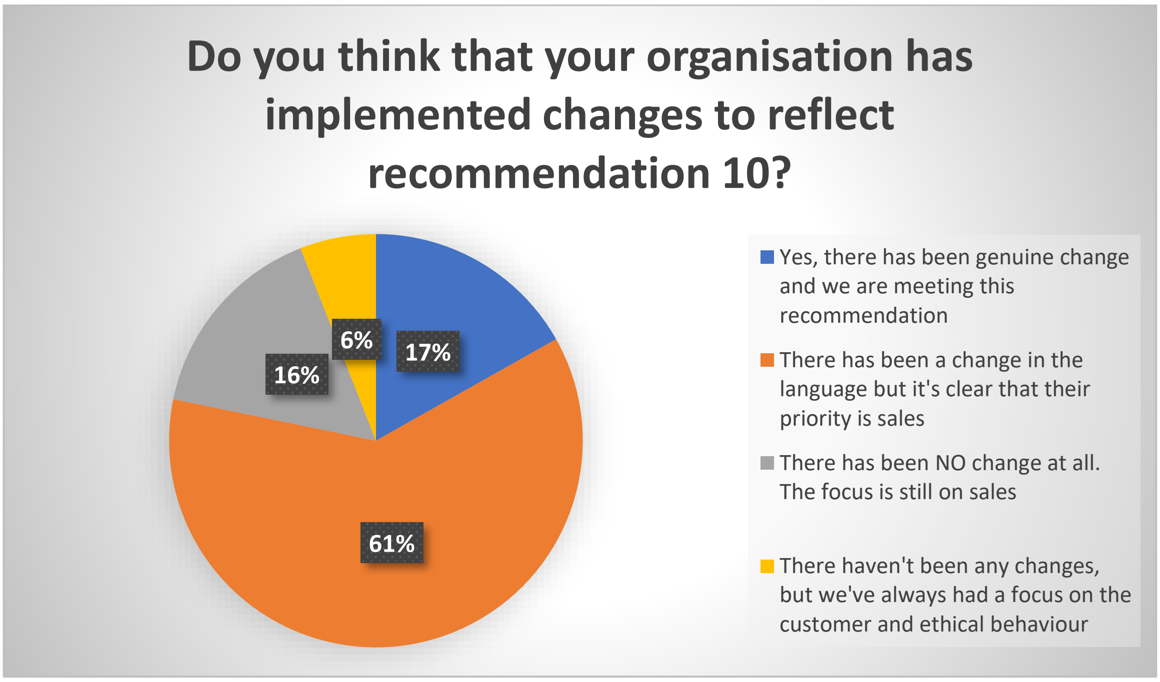
## Recommendation 9 – performance rating = Needs improvement ☹

## Recommendation 10

### Managers should focus on customer focus and ethical behaviour when communicating with staff, managing performance and allocating bonuses.

We asked survey respondents if this has changed since 2017 in their workplaces and to give a view if their workplace is meeting this recommendation. The survey responses reflect the views of focus group participants. The prevailing view is that the changes that have been implemented are only on the surface and to the language used to describe sales. The cultural pressure and pressure to sell as a first priority remains paramount.

Survey responses are set out below:




We asked focus group participants if they thought that the ethics within their organisations have changed. These are some of their responses:

*"Not really. We've been stung with a 1.4b fine. We're going through cost cutting. Branch closures – rumour 2 or 3 here in Adelaide " (Bank SA).*

*"Closing branches left right and centre and blaming covid for it. People are being performance managed and not encouraged to stay when they're exceptional talents and going to other institutions. I lost 3 staff members and they've only replaced 1".*

*"They've put all the executives through leadership courses which has cost big $$$$$. Career banker training that every single person in NAB should do but they've only started with the senior executives."*

*"No ethics training. It's all about risk management".*

*"I don't believe Bank SA do any of that. If your sales come across the counter like at a supermarket, they get lots of sales and we are quieter and measured against us".*

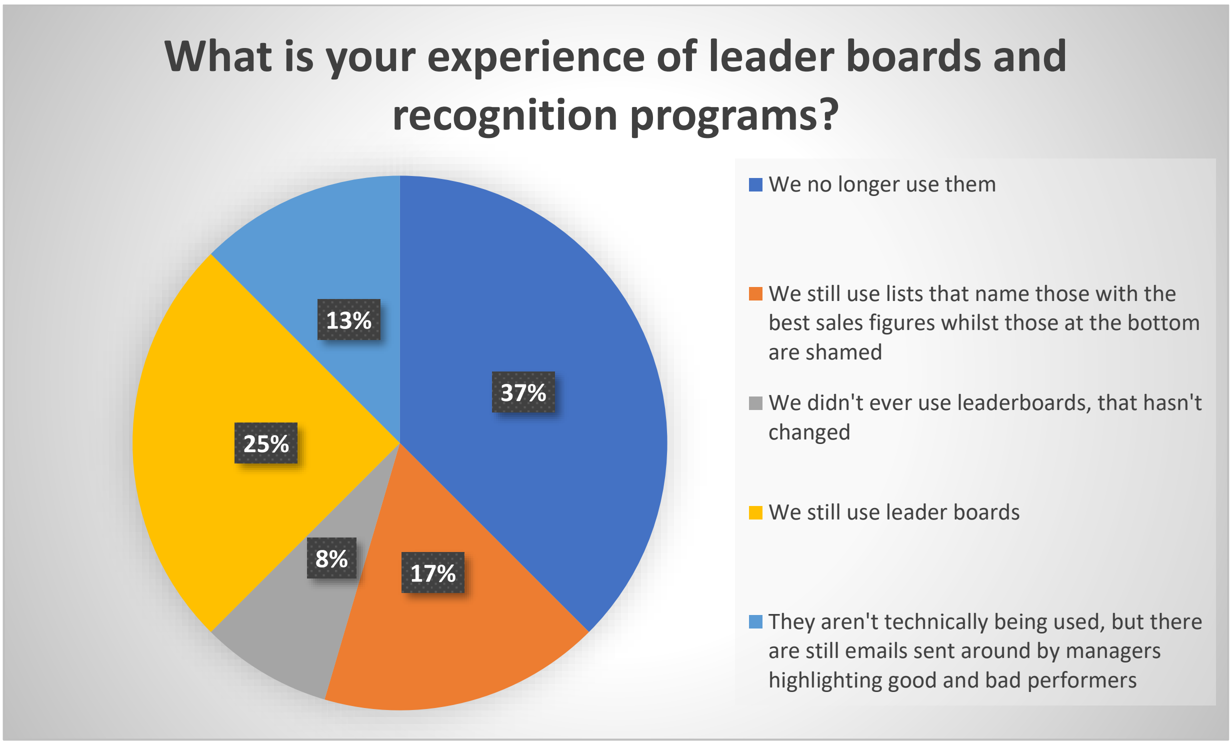
*"In 2020 what they have done is taken your last three years bonus and averaged it and gave you a pay rise. From onwards all you get is the EA pay rise. No more bonuses. Some quiet branches it will be very hard to get sales because there are a lot of retired people and it's the total opposite when you have a branch in a shopping centre. The bank is a business and they need to make money but at the same time quiet branches should be measured different from busy branches".*

## Recommendation 10 – Performance rating = Needs improvement ☹

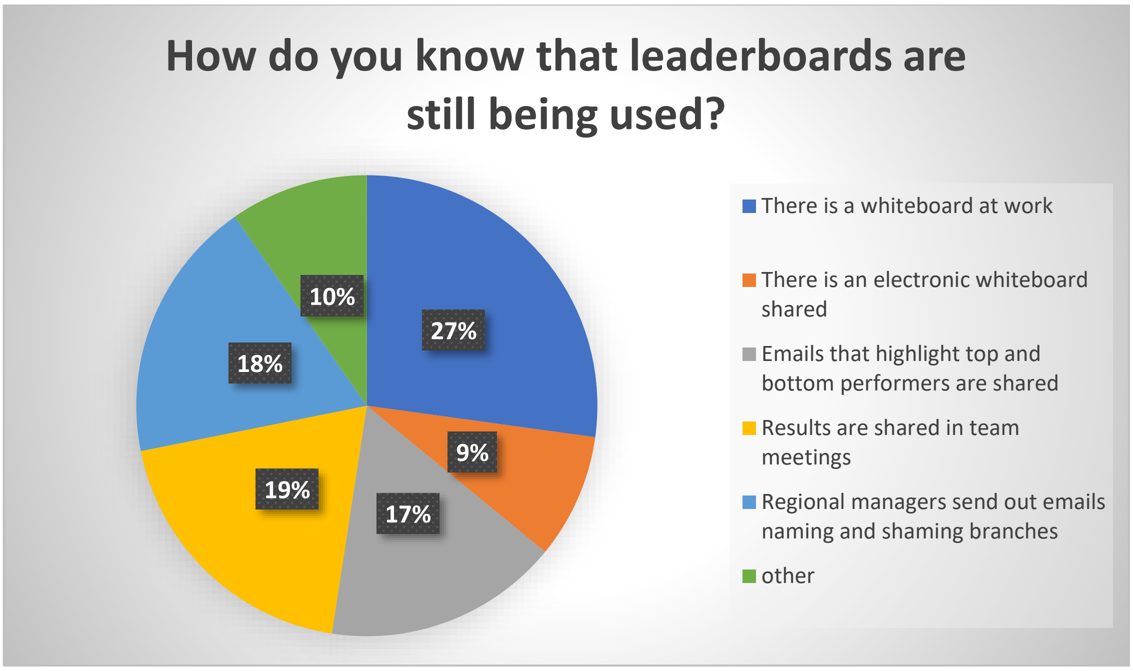
## Recommendation 11

Leader boards, recognition programs and campaigns are not to be used to focus on sales outcomes.

We asked survey respondents about their experience of leader boards and recognition programs/campaigns. Their responses are set out below. The FSU was provides with numerous examples of leader boards that are currently in use in banking. The leader board examples that were shared with the FSU came from all sections of retail banking and covered all the major banks as well as some of the 2nd tier banks. FSU has not included these leader boards in this report to protect the identify of FSU members and workers who supplied this information with a guarantee of confidentiality.



We asked those who said that they still used leader boards - how do you know it's being used?




Focus group participants made the following observations about leader boards:

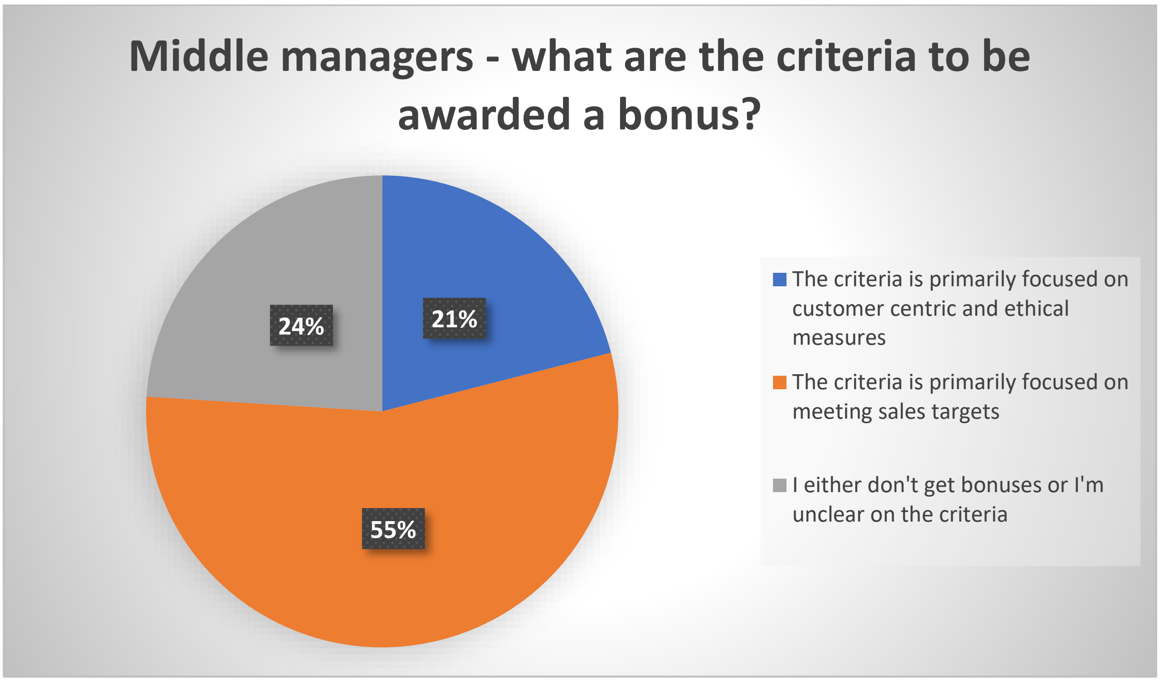
> *"Leader boards still 100% exist. I've seen them with my own eyes. The manager gets an email with where everyone sits on the sunshine coast and you can see it on the intranet. They are lying through their teeth when they say they don't have leader boards".*
>
> *"We had a leader board until just recently. Behind the scenes management keep records on all staff".*
>
> *"We do have a visual management board in our branch. How many appts, how many home loans, etc etc".*

## Recommendation 11 – Performance rating = Needs improvement ☹

## Recommendation 12

Middle managers should be rewarded for over-all performance and those measures should be predominately customer focused, ethical, and non-financial.

We asked survey respondents who were middle managers to tell us about the criteria you're measured against to receive your bonus.




## Recommendation 12 – Performance rating = needs improvement ☹

## Recommendation 13

Mortgage brokers will stop receiving volume-based incentives in addition to upfront and trailing commissions.

We are unable to provide any evidence on the experience of mortgage brokers as the sample size in our surveys and focus group was too small to make any general observations.

There is no performance rating for this recommendation.

## Psychosocial impact of bank culture

While the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was taking place, the FSU entered a partnership with the University of Divinity to explore the impact that the toxic culture we had identified in banking was having on bank workers.[4] Our research confirms that the emphasis on driving sales to maximise profits at the expense of customer service violates FSU members' understanding of the meaning and value of work.

This results in a range of harmful outcomes for members including:

- Self-harm and harming thoughts
- Development of destructive coping habits e.g., alcohol abuse
- Damage to personal and professional relationships
- Development of a profound sense of betrayal
- Negative career outcomes

The primary causal source of the harmful outcomes experienced by FSU members is the use and abuse of management power in pursuit of sales targets. This includes inducements to push products onto customers, even when it is known that such products are valueless. This results in a range of harmful outcomes for members including:

- Threats against job security, promotional prospects, and payment of bonuses.
- Use of punitive performance management techniques to 'manage out' staff.
- Shouting, belittling, intimidation, and ostracization in the workplace.

These abusive behaviours that are so harmful to FSU members are driven by a commitment to sales and profit maximisation. The commitment of bank managerial staff to profit maximisation is driven by self-interest as their own incentives and pay outcomes are determined by the success (or failure) of the staff that report to them. This commitment to maximising profit comes at the expense of employee well-being.

The harmful culture within the finance sector is not the product of a few 'bad apples' or some people inadvertently overstepping the mark. It is systemic, deliberate, and intentional, and is the governing principle by which the culture of the industry is shaped and driven.

The culmination of our research shows that FSU members believe that it is morally wrong to sell to people products they do not ask for, want, or need, and/or which they cannot afford. It is not FSU members and front-

[4] https://apo.org.au/node/305283

line staff who are working as bank tellers, customer service officers, loan officers, and call centre operators who need to be “ethically recalibrated”. These employees are the victims of an unethical industry culture which has, at its heart, the self-interested commitment to sales and profit maximisation that is held by senior executives and company directors.

## Impact of Covid-19

It would be remiss of the FSU not to include a discussion in this submission of the response and behaviour of the Banking sector during the recent pandemic. During this period government health departments declared bank staff “essential workers”.

Frontline staff were under enormous pressure from customers who were experiencing financial hardship, many for the first time in their lives. Bank workers were working to provide customer service to these customers while all ensuring that public health guidelines such as mask wearing, social distancing, and maximum numbers inside branches were being observed.

While the government was in the midst of passing economic relief packages in the billions of dollars to recognise the financial difficulty that large swathes of the population was finding itself in during lockdown, FSU members were reporting that they were experiencing pressure to continue to drive sales.

When the initial lockdowns were announced FSU wrote to employers in the finance industry seeking their guarantee that they would suspend sales targets at this time. Initially Westpac was the only Bank to respond in the affirmative and agree to a short-term suspension of targets. After some time ANZ also agreed to suspend targets. Unfortunately, while senior executives that the FSU was engaging understood that these times called for special measures there were some local managers who did not get the message and continued to push staff to meet sales targets.

One FSU member shared with us that her manager had directed staff to “cold call” customers and invite them into the branch for a meeting – despite government health directions that people should only be out for “essential” reasons. The staff were directed to log these calls on the system as “service calls” and that as the “health check” they were going to run through with the customers would go for longer than 15 mins (which was the time limit that they were allowed to spend in an office with any customer) they should give them some money to buy a coffee and then continue for another 15 mins upon their return.

FSU members reported that they were frightened to go to work. They were worried about the risk to their own health but more reported concern that they would “bring home” the virus to vulnerable members of their immediate family or household.

During the first lockdown, FSU surveyed our leaders across 24 different employers and asked whether the expectation on targets had changed to reflect the crisis or remained the same - we received feedback from members who said that they were still under pressure to sell products.

Some of the comments are reproduced below:

> *"They have actually added goals and continue to change systems which still do not work, and we are still supposed to meet timeframes and KPI's" (AMP)*

> *"every afternoon we are asked what we did i.e. how many insurance, quotes, home loan referral we have to follow the leads, call customer to book an appointment. Customers are frustrated saying in this crisis ANZ is still selling their products etc" (ANZ)*

> *"Mobile Relationship Manager advised me that Management are operating like it is business as usual in the market. There is a clear expectation that bankers go into homes and businesses. Bendigo Corporate staff are still being asked about their pipelines, deals and proactive outbound calls on a regular basis. The advice the member received from his manager re: visiting a customer's home was… "Stand out the front of the house and conduct a customer interview through the screen door. Make sure you then wash your hands after".*

> *" Each branch who has undertaken Future of Retail program has a 15 minute start up meeting (called a "vibe" meeting) at 9.15am and 4.20pm daily. These meetings are used to discuss risk, compliance, ways to meet individual and branch targets .... including sales, conversion to electronic ways of banking, national home loan promotions and ways for staff to discuss refinance of existing external borrowings with customers and first home loan applications. 80% of these meetings are devoted to the bank's targets and ways for staff to meet them".*

> *"In my branch they are not even observing the 1.5 metre social distancing measures whilst internal meetings are being held"! (NAB)*

> *"We accept that customers will have specific needs and for those an alternative or new product may be required but we were concerned at directions such as POCs, lenders visiting customers at home or visual management boards that continue to track financial outcomes such as lending".*

The FSU believes that if the Banking sector had truly changed the culture to one that had a genuine focus on customer needs and behaving ethically each employer would have had no hesitation in agreeing to suspend targets during a national lockdown and the first major economic downturn in a generation. The experience of FSU members who are frontline banking staff during this period does nothing to convince us that anything has changed since the initial Sedgwick Report in 2017.

## Current state of play

We asked focus group participants at the end of the focus group whether they thought things had improved because of either the Sedgwick Report or the Royal Commission and these are some of their responses:

> *"I think they are worse. They are trying to get us to do the sales that we used to do pre-covid and two or three years ago. The bank has pushed the customer away from the branch and now the banks wants them to come back to the branch".*

> *"It is worse is some way. There is so many things to cover. Regulations. So many more things to load on the system, compliance side of it. Sales are still there so it just takes a lot longer".*

> *"When they said they were going to release targets for 3 months because of COVID there was a massive stress release across all front-line staff. It was palpable".*

> *"In general, and from my experiences I think its mildly improved. But, there's not enough to say it's changed completely because people are still being pushed to meet targets. It's still there it's just a shift, they just use different words and put it behind a closed door somewhere".*

## Conclusion

In 2016 and 2017 during the time of the initial Sedgwick review the FSU and our members approached the inquiry with no small measure of anticipation. We hoped that an independent review of the "sales at all cost" culture of Australia's banking sector would be exposed and that real changes would be recommended that would improve outcomes not only for the Australian consumer, but also for the tens of thousands of bank workers adversely impacted by the toxic culture.

The behaviour that was uncovered by both the 2017 Sedgwick report, and the subsequent Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry was appalling in both breadth and scale. The evidence that came to light - alongside the ABA's apparent commitment to real change - gave hope to finance workers that finally someone was listening, and that at last the toxic culture engulfing their working lives and impacting their mental health would change for the better.

Unfortunately, this submission tells a story of nuanced language that continues to hide a "sales at all costs" culture.

The evidence we have presented in this report highlights that the only difference 'shining a light' on the toxic culture has had is to hide the drivers of this culture underground. The toxic culture that values sales over everything else is still alive and kicking, only this time it's subterraneous. It's still there shrouded in secrecy, trickery and "nuanced" language that continues to drive poor behaviour. The secrecy, trickery and nuance are what is killing bank workers. They tell us that at least before it wasn't a secret and people just said what they meant. What they are facing today, in April 2021 is ***worse*** than it was at any time in the past - because it jars with what they are told are the values of their organisation, yet they are just workers, stuck in the system.

The Australian economy is facing an uncertain future – the recent end to most of the federal government's direct fiscal support through the "jobkeeper" program alongside the withdrawal of the COVID19 supplement to "jobseeker" - will no doubt impact the economy although it will take another few months to flush through the system. It is precisely at this time when Australian consumers need their financial institutions to be behaving in an ethical manner. Australians are crying out for a banking system that they can trust will have their interests in mind as they fumble their way through the first recession in a generation. Instead, the very staff who are supposed to be driven by measures that encourage ethical customer service, are being performance managed for not hitting sales targets.

Bank workers are struggling to balance their sense of ethics and justice with their obligations to meet targets set by their employers. Every day they are forced to choose between doing the right thing by their customer and the right thing by their employer. They have had opportunities to share their stories with this review as well as through the Royal Commission. These workers' have not been heard. Nothing has changed. Instead, they have taken the advice of former CBA CEO Ian Narev to "temper your sense of justice".[5]

[5] https://apo.org.au/node/305283 p2