

Attachment A: Regulatory Costs Estimates table

Average annual regulatory costs ¹				
ASIC's monitoring and data collection				
Change in costs (\$ million)	Business ²	Community organisations	Individuals	Total change in costs
Total by sector	Removal of the annual reporting requirement: Approx. \$7,500 to \$30,000 in potential savings on an ongoing annual basis. (Note: The ranges are included throughout this table because the	\$ 0	\$ 0	Removal of the annual reporting requirement: Approx \$7,500 to \$30,000 in potential savings Expansion of the current ad hoc monitoring function:

¹ ASIC has estimated the approximate figures throughout this table based on the following assumptions:

- More minor updates generally requiring fewer staffing resources for implementation than more significant updates
- the implementation work for the changes to the Code generally requiring the resources of individual staff members at a pay grade equivalent to the median personal annual income in the Australian community
- staffing resources required for each item being costed, in terms of labour, at individual FTE annual salaries of \$50,000 (based on the Australian Bureau of Statistics' December 2021 data on [Personal Income in Australia for the 2014-15 to 2018-19 financial years](#))

ASIC sought details of regulatory cost implications for various proposed updates to the Code at various points throughout the review. Where dollar figures have not been provided by stakeholders, ASIC has sought to estimate figures based on the above assumptions.

² Figures are total estimates across industry, not individual businesses.

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	<p>costs/savings will vary across the ADI industry.)</p> <p>Expansion of the current ad hoc monitoring function:</p> <p>\$ [See explanation below]</p>			<p>\$ [See explanation below]</p>
<p>Explanation</p>				
<p>ASIC paused the annual data reporting requirement from calendar year 2018, so subscribers have not incurred costs of compliance since then. Without this change, or further annual pauses in data reporting, subscribers would be required to provide data to ASIC. Consequently, the removal of this requirement constitutes a cost saving for subscribers.</p> <p>The extent of regulatory burden/costs relating to the expansion of ASIC's ad hoc monitoring function will entirely depend on the nature of individual ad hoc information requests. Accordingly, average annual regulatory costs cannot be measured. To minimise costs in those instances, ASIC acknowledges the value in early engagement with the targeted subscribers to ensure we ask relevant questions and avoid duplication if the information is already available from other sources.</p> <p>Importantly, ASIC's ability to issue notices requesting information, and powers to conduct monitoring activities in relation to payment products, also exist outside the Code.</p> <p>A \$0 figure has been included throughout this table for the regulatory impact on community organisations and individuals because increase or decrease to regulatory burden/costs will only be felt (if at all) by Code subscribers.</p>				

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Mistaken internet payments – allowing partial return of funds				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$550,000 to 1.75 million on an ongoing annual basis, and \$350,000 start-up	\$ 0	\$ 0	Approx. \$550,000 to 1.75 million on an ongoing annual basis, and \$350,000 start-up
Explanation				
<p>ADIs (who are the only subscribers subject to these provisions) will incur costs in updating business processes to ensure partial refund requests are done in compliance with the Code (e.g. meeting the 'reasonable endeavours' requirement).</p> <p>The banking industry has generally indicated that this change in simply requiring return of partial funds should not present significant practical impediments but costs would include:</p> <ul style="list-style-type: none"> • design and implementation of process/system changes (including staff training and record keeping); • collateral changes and additional collateral; and • additional labour to send communications to other ADIs and monitor responses where a partial return has been possible. <p>For the above changes, ADIs will need to expand resources and will need sufficient time (approximately 6 to 12 months).</p> <p>The banking industry highlighted that the discretion for receiving ADIs on whether to seek complete, partial or no funds without guidance would necessitate each ADI creating its own policy within its operational process. A consequence could be varying interpretations across ADIs and a potential significant increase in customer complaints. ASIC has sought to minimise these burdens/costs by writing guidance into the Code.</p>				

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Ongoing costs will comprise the labour required to assist in processing the additional mistaken internet payment return requests.

Mistaken internet payments – including time limit for sending ADI to send return request to receiving ADI

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$250,000 to \$175,000 on an ongoing annual basis	\$ 0	\$ 0	Approx. \$250,000 to \$175,000 on an ongoing annual basis

Explanation

ADIs (who are the only subscribers subject to these provisions) have generally indicated that this change will not impose significant implementation and compliance costs if there is a reasonable period allowed to implement changes to process and/or policy. Subject to this, costs may include:

- updating business policies / procedures (including training staff);
- updating record keeping and management; and
- advising customers of the changes and updating collateral.

Costs will likely vary according to the particular institution (e.g. depending on size and business operations already in place. For example, for some ADIs the update reflects their current procedures so there would be no regulatory costs/burdens in that case.

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Mistaken internet payments – Imposing record keeping obligations on ADIs				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$250,000 to \$500,000 on an ongoing annual basis	\$ 0	\$ 0	Approx. \$250,000 to \$500,000 on an ongoing annual basis
Explanation				
<p>ADIs (who are the only subscribers subject to these provisions) have generally indicated that the costs of this change will depend on the extent of new requirements within the mistaken internet payments framework.</p> <p>Generally, it appeared that the change would require an uplift in the detail of the records already kept, so there would be some level of regulatory burden/cost involved. However, provided the Code provides guidance / clarification on what amounts to 'reasonable endeavours' or what factors influence an ADI's exercise of discretion in pursuing the whole, partial or no amount of the funds, ADIs appeared to consider the record keeping requirement feasible.</p> <p>The cost is primarily made up of labour costs. It is not expected that new record keeping systems would need to be established.</p>				
Mistaken internet payments – informing consumer of their right to complain				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$5,000 to \$25,000 on an ongoing annual basis	\$ 0	\$ 0	Approx. \$5,000 to \$25,000 on an ongoing annual basis
Explanation				
<p>ADIs (who are the only subscribers subject to these provisions) have generally indicated that the costs of this change will either be able to be effectively absorbed within the costs of existing communications or not be significant.</p>				

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Costs of implementation may include:

- updates to system-generated customer correspondence advising of the outcome; and
- potential uplift in volumes of complaints arising from notification.

While not considered significant, ADIs would likely require systems changes and a reasonable lead time for implementation.

Mistaken internet payments – clarifying that actions of receiving ADI and unintended recipient are not relevant to sending ADI's Code compliance

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0

Explanation

There is no increase or decrease to regulatory burden/cost, as this clarification reflects the current intentions within the Code.

Mistaken internet payments – consumer's recourse against receiving ADI

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0

Explanation

ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.

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Mistaken internet payments – clarifying definition to exclude scams				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$750,000 to \$2 million in potential savings on an ongoing annual basis	\$ 0	\$ 0	Approx. \$750,000 to \$2 million in potential savings on an ongoing annual basis
Explanation				
<p>This clarification to the Code will likely present a cost saving to both sending and receiving ADIs, in terms of removal of liability for failure to apply the mistaken internet payments framework to instances of scams.</p> <p>The cost savings represent saved labour costs associated with the processing of mistaken internet payment return requests.</p> <p>While subscribers may undertake a replacement process for scams, this falls outside the requirements of the updated Code and accordingly has not been costed.</p>				
Mistaken internet payments – adjustment to existing on-screen consumer warning				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$100,000 to \$250,000 start-up only	\$ 0	\$ 0	Approx. \$100,000 to \$250,000 start-up only
Explanation				
<p>ADIs (who are the only subscribers subject to these provisions) have generally expressed support for this change, indicating that it would assist ADIs in meeting expectations of the Australian Financial Complaints Authority and support ADIs' clear decision-making principles when resolving complaints.</p> <p>The ADI industry generally indicated that the costs of compliance will not be significant, as many ADIs are already largely compliant with the new wording of the provision.</p>				

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A small number of individual ADIs indicated the change would involve more substantial (primarily labour) costs – e.g. in updating digital assets, sometimes across brands. However, they indicated the change would not involve significant regulatory burdens. Some indicated the need for transition period of between 6 and 12 months.

Extending the Code's protections to small business

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0

Explanation

ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.

Unauthorised transactions – clarifying the definition of unauthorised transaction

Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$750,000 to \$2million in potential savings on an ongoing annual basis	\$ 0	\$ 0	Approx. \$750,000 to \$2million in potential savings on an ongoing annual basis

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Explanation				
<p>This clarification to the Code will present a cost saving to ADIs, in terms of putting beyond doubt that liability under the Code's unauthorised transactions provisions is not apportioned to subscribers for transactions made by the customer themselves and in terms of clarifying that ADIs are not required to apply the framework to such transactions (and therefore will not incur labour costs in respect of doing so).</p> <p>While subscribers may undertake a replacement process for scams, this falls outside the requirements of the Code and accordingly has not been costed.</p>				
Unauthorised transactions – 'pass code security requirements' – clarifying that consumers must not disclose pass code to anyone				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
<p>ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.</p>				
Unauthorised transactions – 'pass code security requirements' – clarifying that subscribers must show contributory link before holding consumer liable for disclosure				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
<p>ASIC is not making any change to the status quo (rather, merely clarifying it), so there is no increase or reduction in regulatory burden/costs.</p>				

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Unauthorised transactions – ‘pass code security requirements’ – clarifying implicit promotion, endorsement or authorisation				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$5,000 to \$25,000 in potential savings on an ongoing annual basis	\$ 0	\$ 0	Approx. \$5,000 to \$25,000 in potential savings on an ongoing annual basis
Explanation				
<p>If a consumer uses a third-party service that involves disclosing their pass code to the service provider and that disclosure results subsequently in an unauthorised transaction on the consumer’s bank account, the unauthorised transactions provisions in the Code will apply so as not to allocate liability to the subscriber in such cases.</p> <p>Accordingly, subscribers will not have the burden/costs of arguing the correct interpretation of the relevant Code provisions in applying the allocation rules.</p> <p>There are also potential cost reductions in terms of subscribers not having to take certain actions to try to track/detect and block consumer access to particular services if the interpretation were that the subscriber’s silence is implicit authorisation.</p>				
Unauthorised transactions – differentiating from ‘chargebacks’				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0

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Explanation				
ASIC is not making any change to the status quo (rather, merely clarifying it), so there is no increase or reduction in regulatory burden/costs.				
Unauthorised transactions – retaining the 6-year limitation period				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.				
Modernising the Code – accommodating biometrics				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.				
Modernising the Code – defining 'device'				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.				

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Modernising the Code – accommodating the New Payments Platform				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
<p>The banking industry has largely indicated that there are no foreseeable costs or regulatory burdens identifiable for this change to the Code.</p> <p>In particular, we understand that the New Payments Platform (NPP) Procedures and Regulations were written to reflect the settings in the Code (despite the NPP not being subject to the Code).</p>				
Modernising the Code – electronic transaction receipts				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Approx. \$50,000 to \$100,000 start-up only	\$ 0	\$ 0	Approx. \$50,000 to \$100,000 start-up only
Explanation				
<p>The banking industry generally advises that the change will require some technical change and may minimally affect subscribers who currently issue receipts.</p> <p>One banking participant indicated that, if the subscriber, when acting as the merchant for a transaction, is required to produce electronic receipts, the subscriber may incur substantial costs in establishing such a function.</p>				

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Complaints handling – replacing references to RG 165 with RG 271				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	Subscribers who are already AFS or credit licensees: \$0 'Appendix A subscribers': [See explanation below]	\$ 0	\$ 0	Subscribers who are already AFS or credit licensees: \$0 'Appendix A subscribers': [See explanation below]
Explanation				
<p>The banking industry is already subject to transition requirements towards RG 271 in their capacity as Australian Financial Services licensees and Australian Credit licensees.</p> <p>For subscribers who are subject to Appendix A in the Code, we anticipate more significant costs.</p> <p>The widening of the complaints definition (RG 271.27) is likely to increase volumes and require further resourcing for subscribers currently receiving complaints. Costs might relate to, for example, updating Terms & Conditions, websites, apps and other documents/platforms, staff training, outsourcing costs (e.g. to develop apps and training systems and advisers), compliance monitoring/audit, etc.</p> <p>We only received estimates from one Appendix A subscriber. We consider the costs will be very particular to each individual business, depending on such things as size, systems already in place and available resources. Accordingly, we have chosen not to include precise details received.</p>				

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Complaints handling – combining Chapter F and Appendix A of the Code				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.				
Complaints handling – external dispute resolution scheme membership for all subscribers subject to Appendix A of the Code				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.				
Complaints handling – distinguishing reports of unauthorised transactions from ‘complaints’				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo (rather, just a clarification of the current situation), so there is no increase or reduction in regulatory burden/costs.				

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Facility expiry dates – mirroring the Australian Consumer Law				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
<p>The change reflects what subscribers are already required to do under other legislation.</p> <p>ASIC is not expanding or otherwise changing the definition of 'facility' – the change is merely to align the Code with requirements under the Australian Consumer Law, as relevant.</p>				
Updating the Code's privacy guidelines				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
<p>ASIC is not making any substantial change to the status quo.</p> <p>The change is minor - to replace references to the 'National Privacy Principles' with the 'Australian Privacy Principles' to reflect the terminology now used in legislation.</p> <p>The change reflects what subscribers are already required to do under the privacy law.</p>				

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Low-value facility tailored regime – retaining the current dollar threshold				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
Total by sector	\$ 0	\$ 0	\$ 0	\$ 0
Explanation				
ASIC is not making any change to the status quo, so there is no increase or reduction in regulatory burden/costs.				
Transition and commencement – 12-month transition period				
Change in costs (\$ million)	Business	Community organisations	Individuals	Total change in costs
N/A	N/A	N/A	N/A	N/A
Explanation				
Cost of implementing the changes and, where relevant, maintaining systems to continue compliance with the changes are set out above against individual items.				