



FINANCIAL
OMBUDSMAN
SERVICE

Strategic Plan 2012-2015

Incorporating
our 2012-2013
Business Plan

FOS – the shape of things to come

Financial Ombudsman Service 2012–2015 Strategic Plan

The Australian financial services sector and broader economy are changing rapidly. Advances in technology and social media, changing expectations of customer service, and major political and environmental events are reshaping our economy and society.

All this presents both challenges and opportunities for FOS. As the economy evolves, our work becomes more complex. As the demand for our service grows, so do community and industry expectations. Since FOS formed in 2008, the number of disputes we receive has increased dramatically. We expect this trend to continue, especially for credit and financial difficulty cases.

In response, we have adopted a three-year theme of **building excellent service into everything we do**.

We aim to be:

- **a customer-centric service** – an organisation that continuously monitors and improves its performance.
- **a trusted organisation** – the authority on financial services dispute resolution and an influential voice on how to prevent disputes.
- **a smart, efficient and responsible business** – an organisation with passionate people, effective systems, clear plans and a conscience.

This agenda will be led by our new Senior Leadership Group, comprising our Executive General Managers and Lead Ombudsmen. They will work closely with FOS staff and our key stakeholders to make it a reality.

In 2012-2013 our core work, as always, will be resolving disputes. But to support this work we will:

- **engage more actively with our key stakeholders** – including implementing new consumer sector and member engagement strategies
- **enhance our organisational capabilities** – including building on our Secure Services platform, which facilitates electronic communication with our stakeholders, and investing more in staff training through our Learning Pathways program.

Underpinning these efforts are our core values: we strive to be **respectful, efficient, trustworthy** and **forward thinking** in all that we do.

I look forward to working closely with our Board, staff, consumers and members as we implement these plans over the coming year and beyond.

Shane Tregillis

Chief Ombudsman



Adapting to a changing landscape

The environment in which we operate has changed significantly – a trend that is set to continue in the years ahead.

Over the past four years the number of people coming to FOS for assistance, to resolve a dispute with their financial service provider (FSP), has increased dramatically. In 2011-2012 the number of disputes dealt with by FOS increased by 21 percent. The composition of the disputes dealt with by FOS has also changed. Disputes relating to credit matters comprised nearly half of all disputes dealt with by FOS in 2011-12 and of these 26 percent were financial hardship cases. We expect these trends to continue over the next few years.

The drivers of this increase in disputes are complex and varied. However, some contributing factors include:

- the global financial crisis and the general economic environment over the last three years, including fluctuating interest rates
- the increase in natural disasters
- the consolidation of banks as the main providers of credit
- a general increased awareness among consumers of their rights.

FOS has embarked on a wide-ranging program of engagement and change in response to this shifting landscape. For example we have:

- increased our case manager numbers, particularly in our dedicated Financial Difficulty Team
- revamped our dispute process to resolve more disputes by early agreement
- worked with financial services providers (FSPs) to provide more detailed disputes data, more powerful analytical tools, and more targeted training
- increased our engagement with the consumer sector to better understand the issues they face in accessing our services
- increased resourcing of our systemic issues function
- consolidated our code monitoring function
- undertaken a number of independent reviews of our front and back end services to improve our processes and increase efficiencies.

The challenges ahead

External	Internal
Volatile and evolving financial markets	Increasing complexity and volume of cases
Growing expectation of rapid responses	Rapid growth of FOS
Higher expectations from stakeholders and a desire for deeper engagement	Increasing workloads for FOS staff and a greater proportion of new staff
Increasing requirement for efficiencies and value for money	Continuing to build on knowledge, training and professional development of all staff
Expectation of e-service delivery	Re-engineer internal processes from reliance on physical documentation to e-delivery

FOS must continue to adapt to this changing landscape. Our three-year theme is designed to help us manage and adapt to change by focusing all parts of our business on the goal of service excellence.



Our three-year vision 2012-2015

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Our vision for the next three years is clear – to build excellent service into everything we do.

This vision emphasises that FOS is now a significant professional organisation, and that a focus on the individuals who use our service and on our members needs to underpin all that we do.

Three-year focus	What we want to be	What we need to do
Delivering a more efficient and effective dispute resolution service	<p><i>A customer-centric service</i></p> <p>An organisation that continuously monitors and improves its performance</p>	<p>Build excellent customer service and quality into all our dispute resolution services</p> <p>Set and meet time and service standards for all our dispute resolution processes</p>
Enhancing our public role and stakeholder engagement	<p><i>A trusted organisation</i></p> <p>The authority on financial services dispute resolution and an influential voice on how to prevent disputes</p>	<p>Actively engage with and maintain the support of all our stakeholders</p> <p>Routinely seek stakeholder feedback – and act on it</p> <p>Share our knowledge and experience</p> <p>Raise community awareness of FOS, especially among vulnerable and underrepresented groups</p>
Ensuring organisational development and sustainability	<p><i>A smart, efficient and responsible business</i></p> <p>An organisation with passionate people, effective systems, clear plans and a conscience</p>	<p>Attract and develop highly skilled and engaged people</p> <p>Measure the costs of disputes and eliminate inefficiencies</p> <p>Establish programs to reduce FOS's environmental footprint</p> <p>Embed our values into everything we do</p>



Our focus for 2012-2013

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In the first year we are deliberately focusing on a small number of our most important priorities to improve our core dispute services, deal with dispute backlogs and embed an early resolution mindset across FOS.

At the same time, we will begin building for the future. We will engage more actively with our key stakeholders and enhance our internal capabilities to better manage change and strengthen our technical and management expertise. Below is a selection of the planned activities for 2012-2013 and the measures we will use to track our success.

Focus area	Our plan for 2012-2013	Measures
<i>Delivering a more efficient and effective dispute resolution service</i>	<ul style="list-style-type: none"> Enhance our operating system to maximise our case-work efficiency. Streamline our front-end dispute registration and acceptance processes to provide early warning of an increase in case loads. Produce a plan that enables us to respond rapidly and effectively to events that create spikes in demand for our service (such as natural disasters). Further develop the systemic issues and serious misconduct function. 	<ul style="list-style-type: none"> Customer satisfaction levels Percentage of disputes that meet time and quality standards
<i>Enhancing our public role and stakeholder engagement</i>	<ul style="list-style-type: none"> Conduct active and robust engagement with the consumer sector, including rolling out multiple consultations, collaborative projects and educative programs. Develop and implement a member engagement strategy that better tailors our communication and education activity to the aim of reducing dispute flows. Measure and benchmark stakeholder perceptions of FOS and our service to identify areas to improve our overall service delivery. Further develop the code monitoring function. 	<ul style="list-style-type: none"> Stakeholder satisfaction with the level and quality of FOS engagement
<i>Ensuring organisational development and sustainability</i>	<ul style="list-style-type: none"> Develop a robust internal risk function, compliant with industry risk management practice. Implement an accommodation strategy that efficiently houses FOS people and maintains productivity levels. Further develop our IT structures and capabilities to support the three-year strategic plan and beyond. Continue to invest in our people's professional learning to ensure that our expertise remains comprehensive and up to date - both at an organisational and an industry level. 	<ul style="list-style-type: none"> Staff engagement score Environmental audit Risk benchmarking

Enhancing our organisational capabilities

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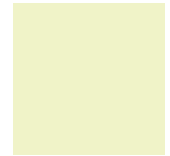
Changes in our organisational structure have recently helped us to build on our technical expertise and operational capability. They will ensure that FOS is well positioned to respond to the challenges we face and achieve the objectives we have set.

Most significantly, we have created a new Senior Leadership Group, including our Executive General Managers (EGMs) and Lead Ombudsmen. The EGMs will manage the operations of our dispute resolution teams, and oversee the area of strategy and business operations. To ensure that we maintain a strong technical focus, our Lead Ombudsmen in the areas of General Insurance; Banking and Finance; and Investments, Life Insurance and Superannuation will focus on:

- decision-making in more complex disputes
- building the technical expertise of FOS staff
- building relationships with our stakeholders
- informing and educating stakeholders on dispute resolution and industry trends and challenges.

Our organisational capabilities will be further enhanced in the areas of:

- IT infrastructure, including, further developing Secure Services and e-service delivery
- project and risk management
- training and expertise of staff
- improved knowledge management.



Delivering a trusted dispute resolution service

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We are here to help consumers and financial services providers resolve their disputes. **We provide an accessible, fair and independent dispute resolution service** – one that is free of charge for consumers. We offer the public a single port of call when they are unable to resolve a problem with a financial services provider.

Our mission is to fulfil this important community role by providing a dispute resolution service in which people can place their confidence and trust. This involves understanding all sides of disputes and resolving them fairly and in a timely fashion. In addition to our specialised dispute resolution role we also have an important role to play in systemic issues management and code monitoring.

Our values are demonstrated by our day-to-day behaviour. In all our work with the community and financial services providers, we aim to be:

- **Respectful:** by collaborating, listening and being sensitive to the impact of the problems we seek to solve.
- **Efficient:** by focusing on what matters and keeping people informed; by examining if we are providing the best quality and most cost-effective service; and by acting swiftly and decisively.
- **Trustworthy:** by ensuring we remain unbiased and do precisely what we say we'll do; in part, this means being clear and consistent about the basis for our decisions.
- **Forward thinking:** by anticipating and preparing for future problems and by sharing our experience to prevent future disputes.



The Financial Ombudsman Service (FOS) provides specialised services in dispute resolution, systemic issues management and code monitoring.

FOS is a not-for-profit external dispute resolution (EDR) scheme that provides free, fair and accessible services to consumers who are unable to resolve disputes with financial services providers that are members of FOS. Membership of FOS is open to any financial services provider carrying on business in Australia, including providers not required to join an external dispute resolution scheme approved by ASIC.

FOS was formed in July 2008 with the merger of three separate EDR schemes, which were joined in January 2009 by two others. FOS and its predecessor schemes have over 20 years' experience providing dispute resolution services in the financial services sector.

FOS is funded by its members, which are financial services providers who have chosen us as their external dispute resolution scheme.

Financial Ombudsman Service

Contact details are:

info@fos.org.au

GPO Box 3 Melbourne VIC 3001

1300 78 08 08

www.fos.org.au