



FIDReC

Financial Industry Disputes Resolution Centre

ONWARD AND UPWARD

Annual Report 2023/2024



Company's Reg No 200502125D

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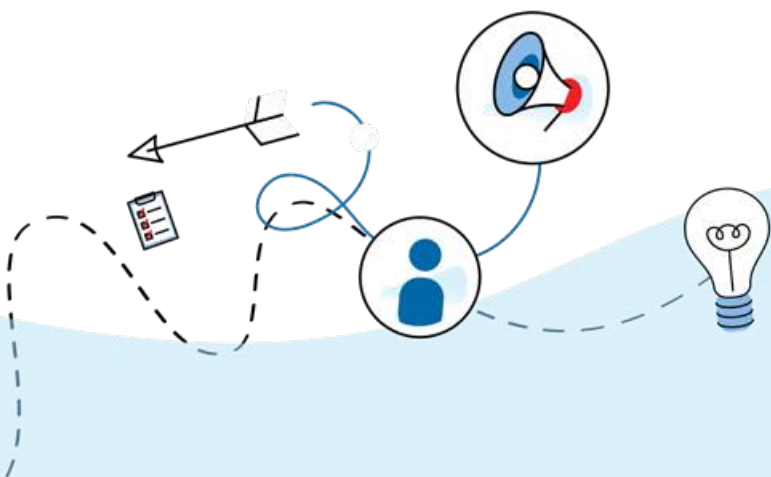
WHO WE ARE

The Financial Industry Disputes Resolution Centre Limited (FIDReC) was launched on 31 August 2005. We are a non-profit alternative dispute resolution centre that is independent and impartial. We specialise in resolving consumer financial disputes through mediation and adjudication.

Consumers can come to FIDReC for help when they have a dispute with a licensed financial institution that they cannot settle on their own. Licensed financial institutions include banks, life and general insurers, capital markets services, financial advisers, and insurance brokers.



ABOUT US



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OUR CORE PRINCIPLES

ACCESSIBILITY

We are committed to providing an affordable and accessible dispute resolution service that does not require parties to obtain external help from lawyers.

INDEPENDENCE

We operate independently of the government, financial institutions, and consumer bodies, and are impartial, credible, and worthy of public trust.

EFFECTIVENESS

We set targets to measure the effectiveness and promptness of our services and regularly review our processes to ensure they remain relevant and in line with best practices.

ACCOUNTABILITY

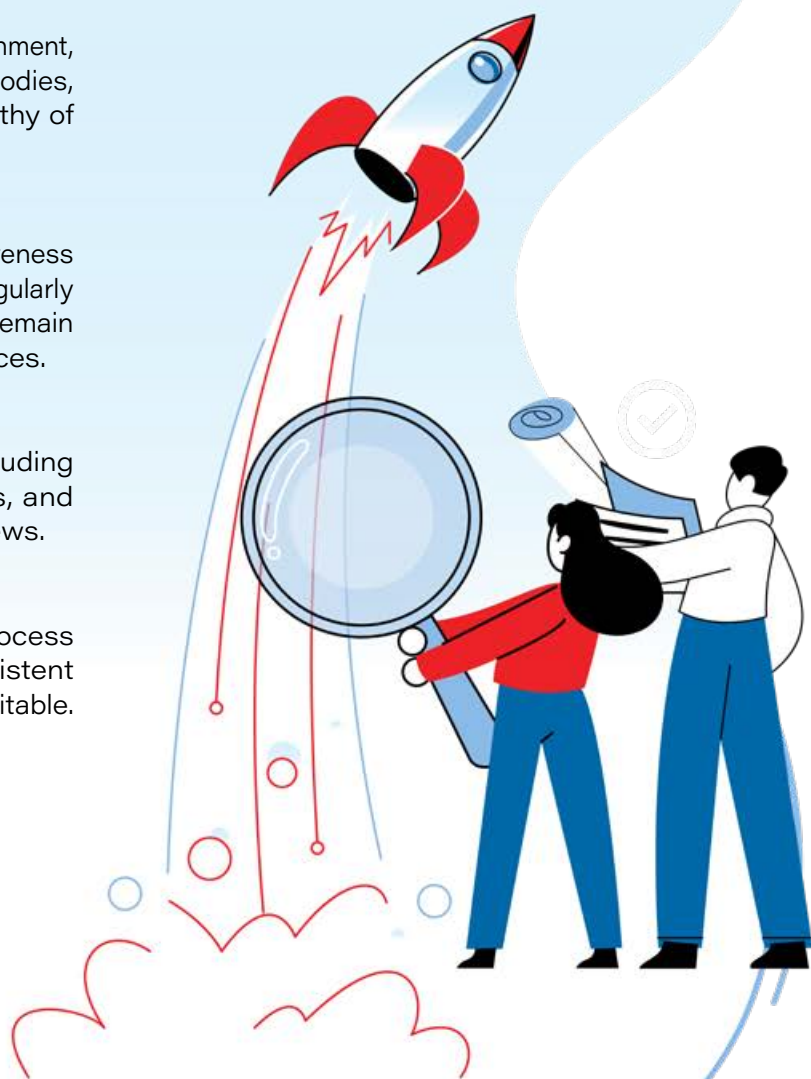
We report on our performance, including sharing statistics and case studies, and submit to regular independent reviews.

FAIRNESS

We monitor our procedures and process outcomes to ensure they are consistent with the law and what is fair and equitable.

OUR MISSION

To provide an affordable alternative dispute resolution scheme that is independent and impartial, so as to encourage and assist in the resolution of disputes between consumers and financial institutions in an amicable and fair manner.



MESSAGE FROM THE CHAIR

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The last financial year saw a substantial increase in the work volume at FIDReC. At the same time, FIDReC conducted an in-depth review of its Terms of Reference and examined the proposal for major payment institutions providing stored value e-wallet services ("e-wallets") to subscribe to FIDReC.

The number of claims received by FIDReC in 2023/2024 rose 32% to 2,894 claims and the number of claims the Centre accepted for handling rose 45% to 2,162 claims. Most of these, or 1,387 representing 64%, were against banks and finance companies. This compared with 998 the previous year.

Additionally, claim numbers against all other types of financial institution rose too. In 2023/2024, there were 387 claims against life insurers compared with 191 the year before. There were 241 claims against general insurers compared with 229 the year before. There were 86 claims against capital markets services licensees and 61 claims against licensed financial advisers and insurance brokers. This compared with 39 and 38 claims respectively from the previous year.

Commendably, the FIDReC team has increased its productivity and completed handling 1,728 claims in 2023/2024, 48% more than the previous year. 83% of these claims were completed at mediation, with 17% proceeding to adjudication.

The nature of the claims handled was roughly consistent with that of the previous year. For the claims against banks and finance companies, claims related to fraud and scams topped the list at 59%, continuing the trend in the previous year. The next major group was claims related to inappropriate advice, misrepresentation, or disclosure (16%). For the claims against life insurers, 26% involved disputes on liability and 25% involved disputes on inappropriate advice, misrepresentation, or disclosure. For the claims against general insurers, 66% related to disputes on liability and 16% related to disputes on claim amount awarded.

In 2023/2024, 48% of the consumers bringing claims at FIDReC were aged 51 and older. This compared with 44% the year before. The median claim amount was \$5,420, lower than \$5,912 in the previous year. However, the average claim amount rose to \$51,599 from \$45,760 the year before.

FIDReC foresees that the number of claims and their complexity will continue to increase in the coming year. This is because the changes to the Terms of Reference include an increase in the claim limit for adjudication. The expected inclusion of e-wallets as subscribers to FIDReC will further increase the work volume. Apart from increasing staff strength and productivity, FIDReC will need to innovate and further streamline its processes to continue delivering quality services. FIDReC will also look into further harnessing of technology and the intelligent usage of data to help in its work.



▲ We bade farewell to Mr Tan Hock Lye who had served on the FIDReC Board for more than 9 years

In closing, I wish to thank the Directors for their strong partnership. In April 2024, we bade farewell to Mr Tan Hock Lye who had served on the FIDReC Board of Directors for more than 9 years. The Centre benefitted greatly from his guidance especially in our digital transformation project. In the same month, we welcomed Ms Choo Oi-Yee to our Board.

I would like to extend special thanks to all our adjudicators, mediators, and the FIDReC team members for their dedication and hard work. We also thank our stakeholders for their invaluable support.

KOH JUAT JONG
CHAIRPERSON

MESSAGE FROM THE CEO

FIDReC's theme for FY2023/2024 was: "Onward and Upward". Onward and upward is an idiom that means continuing to advance or make progress. It may also mean improving to a brighter future, especially after difficult times. These two meanings captured the direction for FIDReC in the past year.

The higher number of claims we received across all categories of claims necessitated a growth in the number of case managers and an increase in productivity. Team members new and old contributed to the excellent outcome of FIDReC resolving 83% of claims at mediation. This comprised 64% where there was a settlement and 19% where the consumer did not continue with adjudication after mediation.

We are glad that feedback we received has affirmed our efforts. The early-stage customer satisfaction survey yielded a 94.5% satisfaction rating, up from 89.6% the previous year. The mediator's feedback survey conducted after the completion of mediation had a 97.7% satisfaction rating, up from 96.15% the previous year. A big thank you to all who took the time to encourage us.

In addition, we organised and participated in eight public outreach events both online and in person that reached more than 2,600 persons. Given the continued increase of scam-related claims, scam awareness was a large part of our outreach message. We further engaged the financial industry through meetings with individual financial institutions, small group training sessions and larger scale webinars. Over these engagements, we shared our observations, with a view towards dispute prevention and encouraging professionalism and fair practices.



For the first time, we conducted an in-depth review of our Terms of Reference and consulted the public on our proposed amendments. This was prompted by the changes we observed in the financial landscape and our desire to equip FIDReC to better perform its mission. The public consultation received 55 responses; most were supportive of the proposed changes.

Accordingly, from 1 July 2024, the following changes took effect:

- Complainants will be able to have claims of up to \$150,000 adjudicated at FIDReC, up from \$100,000.
- Parties will receive a copy of the adjudicator's Grounds of Decision online and will not need to attend a hearing for FIDReC to read the decision to them.
- A Mediator's Indication (MI) process will be available for all FIDReC disputes. Save for non-injury motor accident third party claims below \$3,000 where MI will be mandatory, the MI will take place with the consent of both parties.
- FIDReC will fix timelines for completing its process and enforce them on the parties involved. If timelines are not complied with after one month, FIDReC will have the discretion to close cases or to impose penalties.

- FIDReC will not handle claims that the Centre had previously dealt with or claims that relate solely to investment performance (where there is no element of misconduct or other wrongdoing).


I would like to conclude by thanking those who have made FIDReC's achievements possible. To our Board of Directors, thank you for your support and guidance. To our adjudicators, mediators, and collaborators, thank you for working with us to bring access to justice and promote good financial practices. Finally, to my team, kudos! Your hard work and passion inspire me each day.

In FY2024/2025, FIDReC's theme will be "Effective and Fair Resolution". We will refocus our attention on these two important principles that drive our work at FIDReC and further enhance our ability to achieve them whatever the challenges that may lie ahead.

EUNICE CHUA
CHIEF EXECUTIVE OFFICER

FY2023/2024 AT A GLANCE


FIDREC RECEIVED

 **5,448 Enquiries**
(↓29.5%)


 **2,894 Claims**
(↑32.3%)

 Of these, FIDReC handled
2,162 Claims
(↑44.6%)

FIDREC COMPLETED

 **5,448 Enquiries**
(↓29.5%)

 **1,728 Claims**
(↑47.4%)

 These claims were against
65 Financial Institutions
(↓19.8%)

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The median claim amount was \$5,420
(↓8.3%).



Of the completed claims, approximately 84% were completed at mediation (↑2.4%).



The average claim amount was \$51,599
(↑12.8%).



In 77% of the claims completed at mediation, consumers accepted a settlement offer. In 23%, consumers did not pursue their claims further.



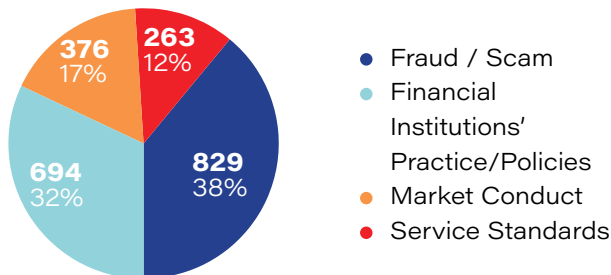
88% of the claims were completed within 6 months
(↓5.4%).



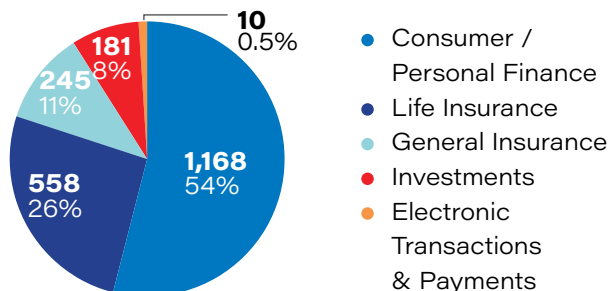
Of the claims completed at adjudication, 16% had an award in favour of the consumers and 84% had no award.

FY2023/2024 AT A GLANCE

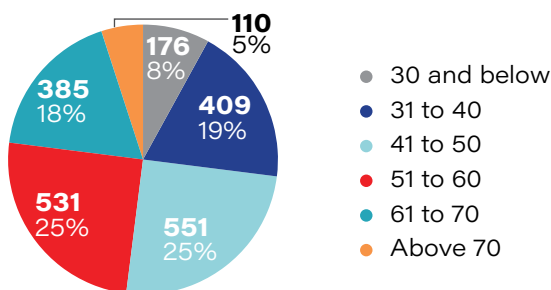
NATURE OF CLAIMS HANDLED



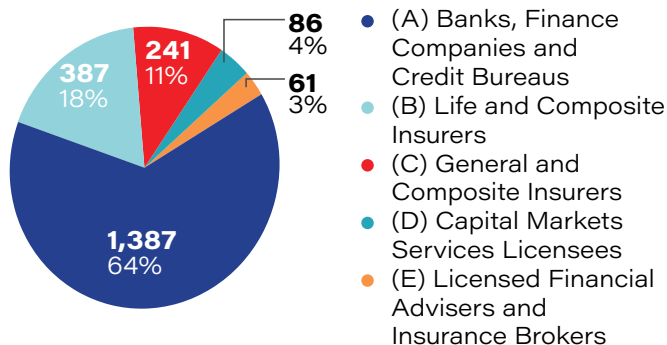
PRODUCT GROUP OF CLAIMS HANDLED



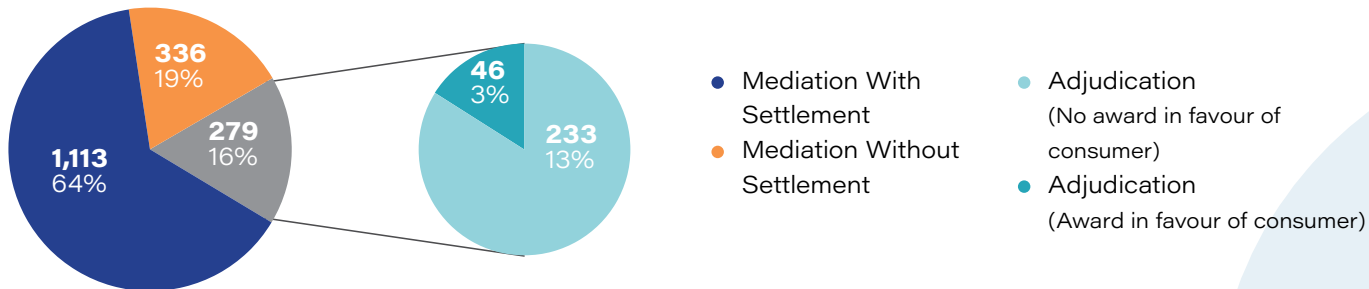
CONSUMER PROFILE OF CLAIMS HANDLED



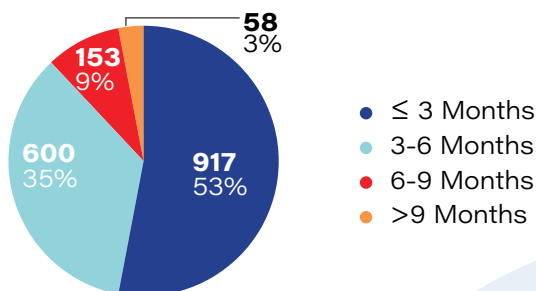
FINANCIAL INSTITUTION PROFILE OF CLAIMS HANDLED



OUTCOMES OF COMPLETED CLAIMS



TURNAROUND TIME



Note: The time between the completion of mediation and commencement of adjudication is excluded as this is the time afforded to consumers to decide whether to proceed with adjudication.

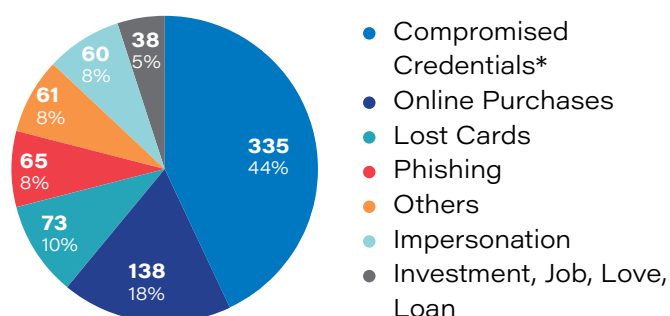
SPOTLIGHT ON SCAMS

FIDReC handled **829 (↑62.9%)** claims and completed **770 (↑111.5%)** claims related to scams.

- The median claim amount was \$5,171 (↑0.3%).
- The average claim amount was \$26,674 (↓20.7%).

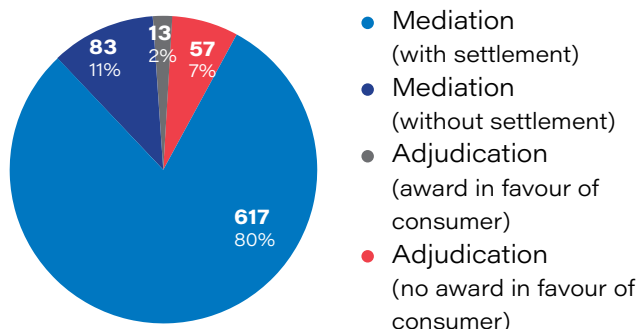
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TYPES OF SCAMS



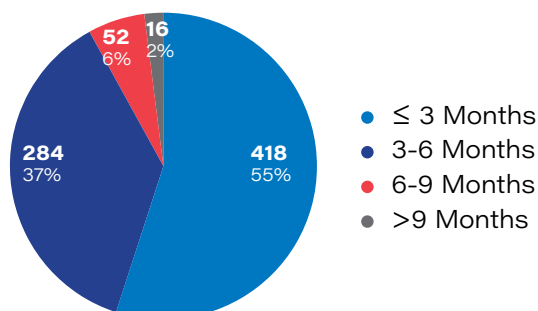
* Compromised credentials involve a consumer's bank account, digital wallet, or credit card recording transactions that the consumer says are not authorised. However, the consumer is unable to identify how the transactions took place.

OUTCOMES



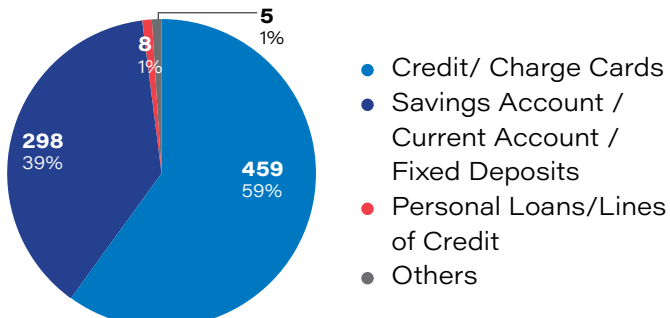
- At Mediation, 80% of consumers accepted settlement offers, while 11% chose not to continue their claims.

TURNAROUND TIME



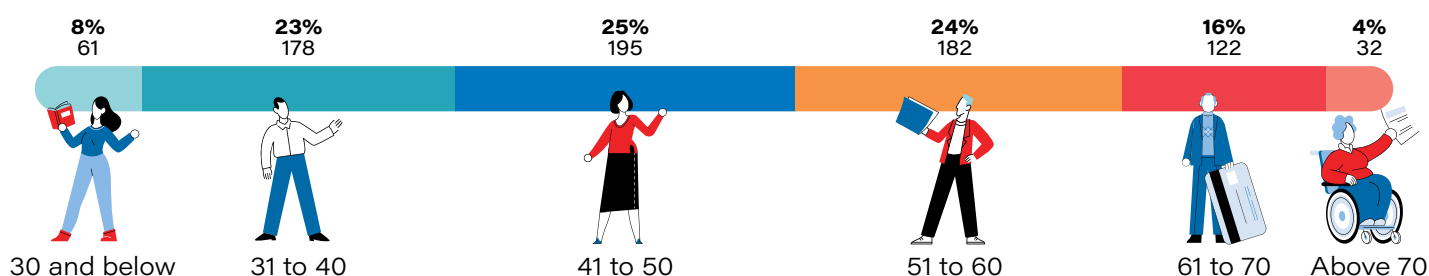
- Of the completed claims, 91% were completed within 6 months.

TYPE OF PRODUCT



- 59% of the claims completed were card related while 39% were account related.

CONSUMER AGE PROFILE



KEY PROJECTS OF THE YEAR

REVISIONS TO FIDREC’S TERMS OF REFERENCE

FIDReC conducted an in-depth review of its Terms of Reference (TOR), including benchmarking against other jurisdictions and engaging with stakeholders for views. On 8 January 2024, FIDReC issued a public consultation paper to seek feedback on the significant changes proposed.

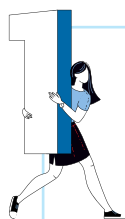
The proposed changes were aimed at better reflecting the current landscape, especially the nature of financial disputes that had evolved over the years. The public consultation closed on 29 February 2024 with 55 respondents comprising individuals, financial institutions and several associations. FIDReC would like to thank all who shared their feedback.

FIDReC issued its response to the public consultation on 24 June 2024. Three key proposals, the feedback received, and FIDReC’s response are summarised below:

PROPOSAL	FEEDBACK	FIDREC’S RESPONSE
Increase the adjudication award limit to \$150,000 per claim from \$100,000 per claim. This was prompted by an increase in the number of claims exceeding \$100,000 over the years, reflecting the higher quantum of losses suffered by retail consumers because of higher income levels and cost of living.	Nearly all respondents welcomed the change. One individual respondent commented: “Reviewing the adjudication limit is important in order for FIDReC to meet its objective of facilitating access to justice by supplementing the formal court system, which is unaffordable for many consumers of financial services.”	FIDReC will continue to monitor the trends in claim value and will remain open to further reviewing the limit again in the future. The new adjudication limit of \$150,000 will apply to disputes filed with FIDReC on or after 1 July 2024.
Allowing the adjudicator’s Grounds of Decision (GD) to be circulated to the parties through a secured platform instead of being read out at a hearing.	Respondents welcomed the circulation of the GD as it would save time for the parties and promote transparency. Some concerns were expressed on protecting the confidentiality of the GD.	FIDReC would put in place safeguards of confidentiality, including by legal agreement, watermarks, and prevention of downloading and copying. The GD will be circulated for cases where the Adjudication Agreement is signed on or after 1 July 2024.
Expand “eligible complainants” from individuals and sole proprietors to small businesses with an annual turnover of not more than S\$1 million. Small businesses may have limited resources or ability to manage disputes with their financial institutions.	Most respondents supported this revision although there were objections and concerns that small businesses were better resourced than individual consumers and that claims brought by them could be more complex and unsuitable for informal dispute resolution. FIDReC also received suggestions on defining small businesses.	FIDReC would delay implementing this change and further study how best to balance the interests of all stakeholders before announcing further details.

KEY PROJECTS OF THE YEAR

The remaining amendments received strong support and were implemented from 1 July 2024:



Fixing timelines for process completion. This would allow FIDReC officers to set timelines throughout the dispute resolution process and enforce them. Where there are circumstances justifying delays, FIDReC may extend the timelines.



Making the **Mediator's Indication (MI)** process available for all disputes. Originally, the MI process was only for cases under FIDReC's non-injury motor accident scheme. In April 2022, FIDReC piloted making the MI process available for all other disputes with the consent of the parties. It proved successful, with most claims being closed at the mediation stage without proceeding to adjudication.



Amendments to the list of **Excepted Complaints** to exclude disputes that have been handled at FIDReC previously and disputes related solely to investment performance.



Timelines to be stated in **Business Days** rather than Calendar Days. This would account for public holidays and allow more time to respond to complex cases.

The [consultation paper](#) and [FIDReC's response](#) to it are available on the FIDReC website.

SYSTEM ENHANCEMENTS

We continued to enhance the FIDReC digital portal management system to incorporate feedback, to support anticipated changes to our Terms of Reference, as well as to improve our process flows.

The system enhancements rolled out in 2023/2024 included the following:

- Enhancements to support a change of accounting software to one that offered better scalability and flexibility.
- Implementation of sharing of Grounds of Decision through the FIDReC portal with appropriate protections for confidentiality.
- Re-design of complaint filing workflow to introduce an early resolution period. The early resolution period workflow started on 1 July 2024 and allows the parties to negotiate directly with each other and reach resolution before FIDReC handles a claim.
- Implementation of web analytics on the FIDReC portal to provide data for FIDReC to enhance user experience and the content on our portal.
- Website changes to improve user experience.
- Upgrading connectivity to MyInfo to improve security posture.

The average rating for a consumer's overall experience for FY2023/2024 stood at 4.7 (out of 5), similar to the previous FY. We will continue to improve and innovate to offer an even better experience to our users.

Please continue to share any feedback you may have with us at feedback@fidrec.com.sg.

KEY PROJECTS OF THE YEAR

INDEPENDENT REVIEW

Ernst & Young conducted FIDReC's 4th Independent Review covering 1 July 2020 to 30 June 2023.

The Review focused on the design and operating effectiveness of controls in:

- FIDReC's Terms of Reference.
- Corporate governance.
- Administration and efficiency of FIDReC's dispute resolution scheme.
- Reporting requirements to the Monetary Authority of Singapore (MAS).
- Risk management of the new risks arising from FIDReC's digital transformation exercise – benchmarking against MAS Technology Risk Management Guidelines (TRMG).

The Review found that the internal controls environment was designed well and tested to be operating effectively in ensuring that FIDReC met its obligations as the administrator of the dispute resolution scheme under the MAS Regulations.

- FIDReC's Terms of Reference aligned with MAS Regulations and any changes were approved by the Board and MAS.
- FIDReC has good governance practices with checks and balances as well as appropriate policies and procedures in place.
- Reporting requirements are complied with and there are adequate record keeping and archival policies and procedures.
- FIDReC has in place adequate controls over monitoring and tracking of KPIs to improve efficiency and effectiveness of handling cases.
- The dispute resolution process was conducted in accordance with established policies and procedures. A high percentage of feedback received was generally positive.
- Fairness in the adjudication process was demonstrated by adequate consideration of arguments made by the parties and regulatory conduct requirements imposed by MAS.
- FIDReC's complaint review procedures are largely adequate.
- There are change management and periodic data backup procedures, an updated user matrix, and IT policies in place.



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The Review made some recommendations for operational improvements, including:

- FIDReC should put in place procedures to ensure documents are uploaded to the case management system in a timely and comprehensive manner.
- Improving on timeliness in providing updates and responses to complainants.
- Ensure that the Complaints Protocol for handling complaints against FIDReC is adhered to, including prompt updating of the complaints register.
- Although FIDReC is not subject to the MAS TRMG, to consider the following best practices:
 - Formalise change management procedures.
 - Implement a formal process to review access logs and user access matrix.
 - Enhance system recovery processes and establish procedures to review vendor's disaster recovery plan and testing results.
 - Formalise a more comprehensive data backup strategy for its case management system.
 - Establish procedures on outsourcing risk management, including to understand the service provider's internal controls and risk management.

Consideration and implementation of the recommendations will be complete by the first half of 2025.

THE FIDReC PROCESS

STEP 01



CLAIM FILING

- The consumer brings a complaint to its financial institution but there is no resolution within 4 weeks.
- The consumer goes to www.fidrec.com.sg to register an account with FIDReC and files a claim online.
- The FIDReC process is private and confidential.

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STEP 02



CASE MANAGEMENT

- A Case Manager will verify if the claim is within FIDReC's jurisdiction.
- For example, if a claim is filed more than 6 months after the financial institution's final reply, FIDReC cannot handle it.
- If the claim is within FIDReC's jurisdiction, the Case Manager may arrange for mediation.

STEP 03



MEDIATION

- The Case Manager will facilitate discussions with the aim of helping all parties find an acceptable outcome.
- This may be by telephone, over email or at a meeting.
- The Case Manager may refer a case for a Mediator's Indication. This is a non-binding assessment of whether a claim is likely to succeed at adjudication.
- If a case is not settled, the consumer can choose to proceed with adjudication.

STEP 04



ADJUDICATION

- All parties will prepare submissions and present their case to an Adjudicator.
- FIDReC has a panel of independent and highly-qualified Adjudicators to decide on cases.
- Adjudication may take place by an in-person hearing, online hearing, or by documents review.

STEP 05










DECISION OF ADJUDICATOR

- Where an award is made in favour of the consumer, it is binding on the financial institution.
- The consumer can choose whether or not to accept the award.
- For adjudications started before 1 July 2024, the Adjudicator's decision is read out to the parties at a hearing.
- For adjudications started after 1 July 2024, the decision is released to the parties through the FIDReC portal.

FIDReC DISPUTE RESOLUTION SCHEMES

FIDReC operates two dispute resolution schemes. First, the FIDReC Dispute Resolution Scheme, which applies to most claims at FIDReC. Second, the FIDReC Non-Injury Motor Accident (NIMA) Scheme. The FIDReC NIMA Scheme is for third party motor accident claims below \$3,000 where there are no injuries.

The key features of the two schemes are as follows.

	FIDReC DISPUTE RESOLUTION SCHEME	FIDReC NIMA SCHEME
 GOVERNED BY	<ul style="list-style-type: none"> FIDReC Terms of Reference 	<ul style="list-style-type: none"> FIDReC Terms of Reference State Courts Pre-Action Protocol for NIMA Claims
 JURISDICTION	<ul style="list-style-type: none"> No limit for mediation Limit of \$150,000 per claim for adjudication <i>*Note: The adjudication limit was revised from \$100,000 to \$150,000 per claim with effect from 1 July 2024</i> 	<ul style="list-style-type: none"> Only for claims below \$3,000
 TYPE OF CLAIM	<ul style="list-style-type: none"> Claims between licensed financial institutions and their consumer customers 	<ul style="list-style-type: none"> NIMA claims against third party licensed insurers
 COST OF MEDIATION (EXCLUDING GST)	<ul style="list-style-type: none"> Free for consumers \$50 per claim for financial institutions 	<ul style="list-style-type: none"> Free for consumers \$50 per claim for financial institutions
 MEDIATION PROCESS	<ul style="list-style-type: none"> Mediation by FIDReC Case Manager With parties' consent, if no settlement, goes to a different Mediator for a Mediator's Indication 	<ul style="list-style-type: none"> Mediation by FIDReC Case Manager If no settlement, goes to a different Mediator for a Mediator's Indication
 COST OF ADJUDICATION (EXCLUDING GST)	<ul style="list-style-type: none"> \$50 per claim for consumers \$500 per claim for financial institutions 	<ul style="list-style-type: none"> \$250 per claim for consumers \$500 per claim for financial institutions <p><i>Note: \$200 may be refunded to either party after the adjudication under FIDReC's prevailing Refund Rules</i></p>
 TIME TAKEN FOR MOST CLAIMS TO RESOLVE	<ul style="list-style-type: none"> Up to 6 months 	<ul style="list-style-type: none"> Up to 3 months

FIDReC OUTREACH EFFORTS

PUBLIC AND INDUSTRY OUTREACH

FIDReC’s outreach efforts to the public in the year under review included the following:

Collaboration with the National University of Singapore Pro Bono Group FIDReC Project and National Crime Prevention Council to deliver scam awareness talks to various groups in Singapore.

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▲ Singapore Association for Mental Health Group Homes at Bukit Batok East (4 November 2023)



▲ A construction site in Tampines (26 January 2024)



▲ Changi General Hospital (12 March 2024)



▲ Stanford Academy (15 March 2024)

NUMBER OF
PUBLIC &
INDUSTRY
OUTREACH
EVENTS

15

NUMBER OF
MEDIA
ENGAGEMENTS

12

NUMBER OF
THOUGHT
LEADERSHIP &
INTERNATIONAL
OUTREACH
EVENTS

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Public webinars on scam awareness in English and Mandarin with LAW@CDC, a collaborative effort to promote awareness and understanding of the law in the community.



▲ FIDReC CEO Eunice Chua with fellow panelists discussing the topic: Protect Yourself - How to Spot and Avoid Scams (7 November 2023 and 14 November 2023)

Spreading public awareness at the CPF Ready for Life Festival.



◀ FIDReC team members on the ground and ready to answer questions from the public (7 October 2023)

FIDReC OUTREACH EFFORTS

PUBLIC AND INDUSTRY OUTREACH

The financial industry continued to partner with FIDReC to promote awareness of FIDReC's services. They put up messages informing customers about FIDReC on ATM screens and TV screens at their premises. They also published information about FIDReC's services on their websites.



▲ Visit by students from National University of Singapore Pro Bono Group FIDReC Project (23 and 25 August 2023)



FIDReC continued its collaboration with partner organisations. These efforts included talks for industry associations and engagement sessions with financial institutions aimed at promoting consumer education, sharing best practices in the industry, and explaining mediation and adjudication at FIDReC.



▲ FIDReC's Adjudicator Henry Heng, CEO Eunice Chua and Senior Assistant Director Ryan Loh with General Insurance Association of Singapore's Texas Hong (28 February 2024)



▲ CEO Eunice Chua and Director of ADR Ho Meng Hee at the Association of Financial Advisers CEO Forum 2024 (30 January 2024)

THOUGHT LEADERSHIP AND INTERNATIONAL OUTREACH

During the Singapore Convention Week 2023 that took place from 28 August to 1 September 2023, CEO Eunice Chua participated and spoke at various events related to mediation.



▲ CEO Eunice Chua moderated a panel discussion on facilitative and evaluative mediation at an event organised by Chartered Institute of Arbitrators Singapore and Singapore International Mediation Institute



▲ CEO Eunice Chua moderated an event titled "The Singapore Convention on Trial" hosted by Law Society of Singapore, Singapore Institute of Arbitrators and Society of Mediation Professionals



▲ CEO Eunice Chua was a panelist at the Singapore Chamber of Maritime Arbitration "Unfolding Conversations" event



▲ CEO Eunice Chua with fellow panellists at the International Bar Association Symposium on "Developments in Mediation"

FIDReC OUTREACH EFFORTS

THOUGHT LEADERSHIP AND INTERNATIONAL OUTREACH

FIDReC is an active member of the International Network of Financial Ombudsman Schemes. CEO Eunice Chua is an elected member of the 2024 Committee of the Network. FIDReC also participated in many international events, including the following:

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▲ FIDReC and the Singapore FinTech Association hosted a visit from the Taiwan Financial Ombudsman Institute (25 July 2023)



▲ FIDReC participated in the annual conference of the International Network of Financial Services Ombudsman Schemes (INFO Network) (25 to 27 September 2023)



▲ Senior Assistant Director Andrew Chow spoke at the 3rd Annual FinCrime & Cybersecurity Summit - Singapore Series (29 May 2024)



▲ CEO Eunice Chua hosted a visit from Portuguese mediators Prof Ana Goncalves and Ms Catia Marques Cebola, President of ICFML (22 February 2023)



▲ CEO Eunice Chua spoke at a Conference on Financial Inclusion in Taipei co-organised by Taipei Fubon Bank and United Daily News. She also visited the Taiwan Financial Ombudsman Institute (3 October 2023)



▲ Director of ADR Ho Meng Hee was an invited speaker at the Reserve Bank of India Ombudsman Conference (15 March 2024)



FIDReC OUTREACH EFFORTS

FIDReC IN THE NEWS



▲ FIDReC CEO Eunice Chua (3rd from left) with 96.3 Hao FM's deejays (left to right) Jackie Liu Jie Qi, Hong Jing Yun and Ong Teck Ming (9 January 2024)



▲ Lianhe Zaobao (2 January 2024)



▲ Business Times (9 January 2024)



▲ Straits Times (2 March 2024)



▲ Business Times (25 June 2024)



▲ Straits Times (10 March 2024)



▲ Business Times (29 November 2023)



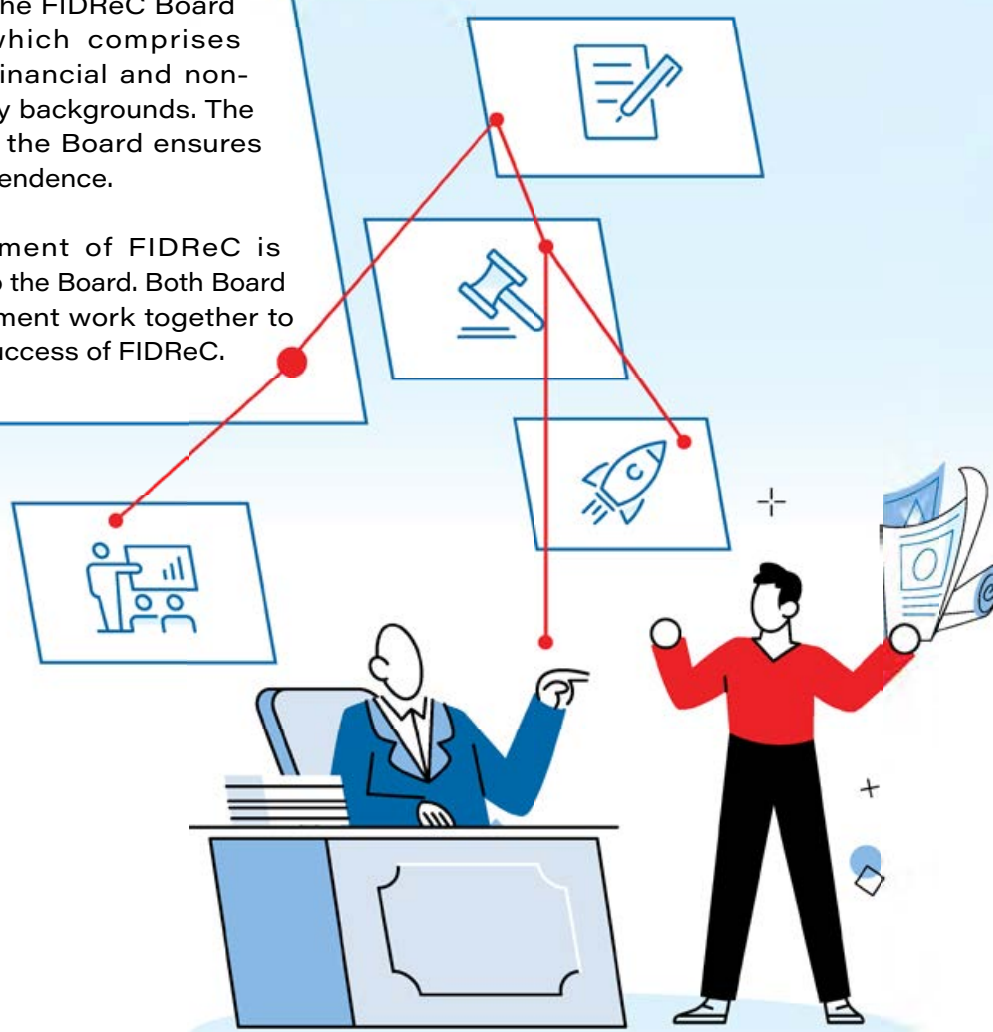
▲ Lianhe Zaobao (25 June 2024)

BOARD OF DIRECTORS

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Former Solicitor-General Mrs Koh Juat Jong chairs the FIDReC Board of Directors, which comprises directors with financial and non-financial industry backgrounds. The composition of the Board ensures FIDReC's independence.

The management of FIDReC is accountable to the Board. Both Board and management work together to ensure the success of FIDReC.



RESPONSIBILITIES OF THE BOARD

Among other things, the Board is responsible for:

- Ensuring the independence and impartiality of FIDReC.
- Providing leadership and setting the strategic aims and direction of FIDReC.
- Establishing a framework of prudent and effective controls to assess and manage risks.
- Overseeing the management and operations of FIDReC.
- Appointing Adjudicators and reviewing their performance.
- Approving FIDReC's annual budget.
- Evaluating FIDReC's progress and management performance.

BOARD AND MANAGEMENT PROFILES

KOH JUAT JONG *CHAIRPERSON*

Mrs Koh Juat Jong had an illustrious career in the public service for over 30 years. Trained in both economics and law, she was involved in policy work in the Ministry of Finance in the early part of her career. She was later a judge for many years, presiding over civil cases in the Subordinate Courts (now known as the State Courts) and heading the Family Court. She was Registrar of the Supreme Court from 2003 to 2008 and then Solicitor-General in the Attorney-General's Chambers from 2008 to 2014.

For her outstanding contributions to the public service, Mrs Koh was awarded the National Day Public Administration Gold Medal in 2005 and Public Administration Gold Bar Medal in 2011. As a Senior Mediator of the Singapore Mediation Centre, Mrs Koh currently mediates regularly in commercial, shareholders and matrimonial disputes.

TAN TIONG JIN, CLIFTON *DIRECTOR*

Mr Clifton Tan qualified with the Association of Chartered and Certified Accountants (ACCA) in 1980. He was subsequently conferred with the Fellowship from the ACCA (FCCA) in 1986.

He has been a member of ICPAS (renamed Institute of Singapore Chartered Accountants) since 1985.

Mr Tan started his career with the public accounting firms of Ernst and Young and PwC before becoming Group Finance Manager at Scott Paper Singapore. He was headhunted to start up the Estee Lauder Companies in Singapore where he served in different capacities for 27 years before leaving the organisation as its concurrent Director, Finance & Administration, and Regional Finance Director for the Asia Pacific Travel Retailing operations. Mr Tan was previously on the Board of the Health Sciences Authority of Singapore and was formerly the Chairman of the Chen Su Lan Methodist Children's Home where he presently serves as Honorary Member.

TAN HOCK LYE *DIRECTOR* *(UP TO 8 APRIL 2024)*

Mr Tan Hock Lye had a career both in the public and private sectors. He was with PSA for 26 years serving 20 years as part of the senior management team while concurrently serving as CEO of the Singapore Cable Car. He joined Great Eastern Life in 1997 and served as Chief Corporate Officer and then as Managing Director (Operations). He spearheaded the obtaining of insurance licenses in China and Vietnam and was the President Commissioner of Great Eastern Indonesia. He retired at end 2008. For his services to PSA, he was awarded the Public Administration Medal (Silver) in 1989.

Mr Tan was formerly Honorary Treasurer of Singapore Professionals' and Executives' Co-operative and presently remains a Board member there.

BOARD AND MANAGEMENT PROFILES

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LIM CHEE HUA, ANDREW *DIRECTOR*

Mr Andrew Lim is the Chief Executive Officer and Director of United Overseas Insurance Limited (UOI). He is a veteran in the general insurance industry for over 30 years, with senior roles in both local and international insurance companies, including the Head of General Insurance at The Overseas Assurance Corporation Limited (now Great Eastern General Insurance Ltd) and as Executive Director at MSIG Insurance (Singapore) Pte Ltd.

Mr Lim is an active contributor to the industry, having served on the Management Committee of the General Insurance Association (GIA) from 2007 to 2013 and from 2015 to 2019. During his tenure on GIA Management Committee, he also chaired the Agents' Registration Board (ARB) and was a member of various key GIA committees, such as the Property and Marine Committee, Special Risks Pool Committee, and the Nomination, Appointment, and Remuneration Committee. His industry contributions also extend to representing the GIA on the National Fire & Civil Emergency Preparedness Council and the National Crime Prevention Council.

Currently, Mr Lim serves as a Board Member of the Financial Industry Disputes Resolution Centre (FIDReC).

KHOR HOCK SENG *DIRECTOR*

Mr Khor Hock Seng was the Group Chief Executive Officer of Great Eastern Holdings Limited, The Great Eastern Life Assurance Company Limited and Great Eastern General Insurance Limited from 2 November 2015 until his retirement on 31 October 2024. He was then also Chairman of Great Eastern Financial Advisers Private Limited, Lion Global Investors Limited and Director of Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern General Insurance (Malaysia) Berhad, Great Eastern Takaful Berhad and other Great Eastern group of companies.

Mr Khor has over 40 years of insurance experience in actuarial, operations, sales and marketing and general management roles. Prior to joining Great Eastern, Mr Khor was the Chief Executive Officer of Aviva Asia Pte Ltd.

SNG SEOW WAH *DIRECTOR*

Mr Sng Seow Wah is a Board Member of the Maritime Port Authority of Singapore (MPA) and presently a Board Member of MoneyOwl, backed by Temasek Trust. He was formerly a Corporate Advisor of Temasek International, and was the former President Director and CEO of Bank Danamon Indonesia.

Prior to joining Bank Danamon, Mr Sng was the Group CEO of Alliance Bank Malaysia Berhad group.

He is an experienced board member in key public institutions and a banker with more than 35 years of senior management experience building high performing teams and businesses in the key South East Asian markets of Singapore, Malaysia and Indonesia.

BOARD AND MANAGEMENT PROFILES

**YONG YIK CHYE,
MELVIN**
DIRECTOR

Mr Melvin Yong is the Assistant Secretary-General at the National Trades Union Congress (NTUC). He is concurrently the Director of NTUC's Care Division and the Executive Secretary of the National Transport Workers' Union. He is also President of the Consumers Association of Singapore (CASE).

Mr Yong is the elected Member of Parliament for Radin Mas Single Member Constituency and chairs the Tanjong Pagar Town Council. He is Chairman of the Social and Family Development Government Parliamentary Committee (GPC) and Deputy Chairman of the Transport GPC.

Mr Yong was an Assistant Commissioner of Police with the Singapore Police Force (SPF). He joined the SPF in 1995 on a police sponsorship and retired in August 2015 after more than 20 years in service. Mr Yong was awarded the Public Service Medal in 2010.

CHOO OI YEE
*DIRECTOR (FROM 8 APRIL
2024)*

Ms Choo Oi Yee was formerly the CEO of ADDX, a private markets exchange in Singapore and one of the earliest regulated securities tokenisation platforms globally.

She has over 20 years of capital raising and M&A advisory experience, leading UBS' Singapore Investment Banking practice from 2014-2020. She joined UBS from Morgan Stanley, where she was Head of Singapore Investment Banking, and prior to Morgan Stanley, she ran the Southeast Asia real estate investment banking franchise for Nomura Singapore. She started her investment banking career with Citigroup, covering Singapore corporate and real estate clients.

Ms Choo graduated from Nanyang Technological University with a Bachelor of Accountancy and also a Masters of Business Administration from Manchester Business School. She is also a Senior Accredited Director by the Singapore Institute of Directors.

EUNICE CHUA
*CHIEF EXECUTIVE
OFFICER*

Ms Eunice Chua has extensive experience in mediating, managing, and adjudicating disputes. Before her appointment at FIDReC, Ms Chua was an Assistant Professor at the Singapore Management University School of Law. She remains a Research Fellow of the Singapore International Dispute Resolution Academy at the School.

Ms Chua has served as a Justices' Law Clerk and an Assistant Registrar of the Supreme Court of Singapore. While at the Supreme Court, she concurrently held appointments as a Magistrate of the State Courts and Assistant Director of the Singapore Mediation Centre. She was also the first Deputy Chief Executive Officer of the Singapore International Mediation Centre.

CASE STUDY 1

GOVERNMENT OFFICIAL IMPERSONATION SCAM

Madam Lim was a 70-year-old retiree staying on her own. She received an unsolicited call from a scammer purporting to be a Beijing Police Officer. The scammer claimed that Madam Lim's credit card was used fraudulently in China. If Madam Lim did not cooperate with them, she may be arrested for suspected fraud.

Madam Lim was immediately fearful and asked what she needed to do to prove her innocence. The scammer told her that he would transfer her call to the Singapore Police Force to guide her. The scammer also warned Madam Lim that she must not tell anyone about the conversation as her life would be in danger if the fraudsters in the scam ring found out.

Later, another scammer impersonating a Singapore police officer informed Madam Lim that he had worked with one of her banks to set up a "safety account". He instructed Madam Lim to transfer all her monies into the "safety account". The scammer even sent her a letter that appeared to be on the bank's letterhead with the account number and her name as the account holder.

Madam Lim then transferred \$200,000 from Bank A over several transactions into the "safety account", thinking that she owned the account. One week later, Madam Lim could not contact the scammers and confided in her daughter. Her daughter told her she might have been scammed. The daughter had come across several recent articles that reported similar cases in the newspapers.

Madam Lim appealed to Bank A for financial help but was not successful. She then came to FIDReC.

During mediation, Madam Lim admitted that she effected all the transfers, but only because she thought the monies were going into an account owned by her. She also shared that she was a law-abiding citizen who acted under pressure by the scammers.

Bank A explained that Madam Lim had authorised the transfers voluntarily and there was no lapse in its processes. SMS notifications were sent to Madam Lim to alert her, and she did not act on them. Nevertheless, Bank A considered Madam Lim's circumstances and made a 10% goodwill offer. Madam Lim accepted the offer.



LEARNING POINTS:

- We can all **ACT** against scams:
 - **ADD** – add the ScamShield app and security features, including anti-virus apps and multi-factor authentication.
 - **CHECK** – look out for scam signs before making decisions. Check with official sources like the ScamShield Helpline (1799).
 - **TELL** – tell the authorities, family, and friends about scams. If you have been scammed, make a police report.
- Police **will never** ask you to transfer money to any bank account for investigation purposes. They will never request your personal details, banking information or SingPass details over the phone or social messaging platforms.
- **Do not allow anyone to access your bank account(s) or Singpass.** Do not authorise any authentication requests by digital token or One Time Password (OTP) if you did not make the transaction.
- **Read notifications from the bank carefully** and contact the bank immediately if you are in doubt.

CASE STUDY 2

DISCOUNTED TRAVEL PACKAGE TURNED OUT TO BE A MALWARE SCAM

LEARNING POINTS:

- Consumers' duties under the E-Payments User Protection Guidelines include the following:
 - a. To **monitor transaction notifications**;
 - b. To **protect access codes** and access to their account;
 - c. To **report unauthorised transactions** as soon as practicable after receiving any notification alert; and
 - d. To **provide information** on the unauthorised transactions.
- The financial institution's duties under the Guidelines include the following:
 - a. To **inform** account holders of the user protection duties;
 - b. To provide outgoing and incoming transaction **notifications**;
 - c. To provide a **reporting channel**; and
 - d. To **assess claims** and complete claims investigation.
- If any party does not carry out the required duties, that party should expect to bear some responsibility.
- To protect yourself from malware scams, consider putting your money in a **Money Lock**. This type of account does not allow outgoing online transfers. Outgoing transfers must be done in person at the bank branch or ATM. Please check with your bank to find out more.
- If you suspect you may be a victim of a malware scam, do the following:
 - a. Switch your device to **flight mode** to prevent scammers from further accessing your device;
 - b. **Immediately report** the incident to your bank and then the authorities;
 - c. Run an anti-virus scan on your device to identify and remove malware; and
 - d. **Make sure the malware is removed** before you transfer data from your old phone to a new phone.
- Please ensure you **only download applications from official app stores**. Do not disable the protection features on your phone.



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Jenny saw an advertisement on social media offering discounts on travel packages. As she was planning a family trip, Jenny clicked on the link to find out more. After clicking, a chat opened in WhatsApp. Jenny asked about holiday packages and discounts. The scammer told Jenny to download an application onto her phone to pay a nominal deposit. This would make Jenny eligible for discounts. Jenny followed the scammer's instructions and logged into her banking app to make a \$5 deposit.

Unknown to Jenny, she had downloaded malware onto her mobile device. This compromised her personal and banking information, including login passwords stored on the device. The scammer was able to perform banking transactions using Jenny's credentials. The scammer also led Jenny to provide the One Time Passwords for the transactions to him.

The Bank detected the suspicious activity and suspended the account. Unfortunately, two transactions had already gone through. The Bank called Jenny to alert her. Jenny then realised that she may have introduced malware into her phone. She also realised that she had several sideloaded applications but was not sure if these were malware. When Jenny shared that she wanted to replace her mobile device just to be safe, the Bank advised her to uninstall the suspicious apps containing malware before transferring her data to a new phone.

Jenny replaced her mobile phone, but did not follow the Bank's advice. She ported all the back-up data from her old phone to the new phone. Unfortunately, this introduced the malware to her new phone!

Subsequently, more fraudulent transactions occurred. Jenny's loss totalled \$30,000. She sought help from FIDReC after failing to come to any agreement with the Bank.

During mediation, Jenny admitted that she had fallen prey to the travel advertisement scam and downloaded the malware unknowingly. She also admitted that she did not understand the Bank's advice to uninstall the suspicious apps. She thought changing her phone would solve the problem.

Considering all the circumstances, the Bank made a goodwill offer of 20%. Jenny accepted the offer as she realised that she was at fault for downloading the app. She also acknowledged that the Bank had tried to block the suspicious activity and warn her.

CASE STUDY 3

A PURCHASE OF STRUCTURED NOTES WENT WRONG

58-year-old Madam Goh worked as a service crew and earned \$2,800 a month. She had secondary level education and was from the Chinese language stream. She spoke mainly mandarin although she could understand simple English. In 2018, Madam Goh's husband passed away and left her an inheritance of \$200,000. Madam Goh went to the financial institution ("FI") to put the money into a fixed deposit for her son's education.

The FI representative suggested that Madam Goh consider other products that could give a better interest rate. The FI representative guided Madam Goh to fill in a form to determine her financial needs. Madam Goh spoke in mandarin to the FI representative to explain that she wanted a safe product where she could earn interest. The FI representative recommended that Madam Goh purchase a Structured Note product (the "Note"). Madam Goh trusted the FI representative's recommendation and went ahead to sign the documents to purchase the Note.

Many years later, Madam Goh went to the FI to withdraw money for her son's education, only to discover that there was no money to withdraw. The Note was linked to four shares and had matured in 2022. A "knock-in event" had occurred. This meant that the closing price of the worst-performing of the four shares was below the strike price on the final valuation date. Under the terms of the Note, this meant that instead of receiving the principal sum invested, Madam Goh received the worst-performing share.

Shocked, Madam Goh asked the FI for compensation. The FI refused because Madam Goh had signed all the documents, including that she understood the product and acknowledged the risks involved. Madam Goh came to FIDReC.

When mediation was not successful, Madam Goh proceeded to adjudication. She appointed a nominee to help translate and interpret for her. After considering all the submissions and evidence of both parties, the adjudicator found partly in favour of Madam Goh.

The adjudicator found that Madam Goh bore 60% of the responsibility because she chose to buy a product even though she did not understand what she was buying. Although the bank representative gave her documents with mandarin text, she admitted that she did not read the documents and relied on what was said. Over the years, Madam Goh had received notices relating to the Note but, again, she did not read them and threw them away.

The adjudicator found the FI to be 40% responsible for Madam Goh's losses. The Note did not appear to be a suitable product for someone like Madam Goh. The risks involved did not meet the purpose of saving for her son's education. This was especially so because of Madam Goh's limited financial means. It was also clear that Madam Goh did not understand the nature of the Note. The filling up of forms and signing of documents should not be a check-box exercise.



LEARNING POINTS:

- When you **sign a document**, you should expect to take responsibility for the terms that the document contains. Never sign purely based on trust.
- When purchasing financial products, ensure that you **read and understand the product**. You can always seek help from a trusted individual to explain the documents to you before you sign them. Always seek clarifications before deciding.
- **MoneySense**, Singapore's national financial education programme, provides information about investment products on their [website](#). Find out more before purchasing.
- If you are not fluent in English, you can appoint a nominee to support you with interpretation and translation in the FIDReC process. If you cannot find a **nominee**, please inform FIDReC and we can help you to find a volunteer nominee.

CASE STUDY 4

INTEREST CHARGES ON MARGIN TRADING ACCOUNT



LEARNING POINTS:

- When you open an account with a brokerage, please ensure you understand the **terms of use of the account**. Ask the brokerage firm for an explanation if you are not sure.
- For margin accounts, you may wish to find out whether there is any **automatic conversion of funds** to settle foreign-denominated trades. If not, the account holder will have to settle the trade by performing funds conversion at the prevailing foreign exchange rates.
- As an investor, you should **keep track of your investments**.
- When you trade using a brokerage account, you have a **responsibility to read your account statements** and notify the brokerage if the statements are not accurate.

In 2020, Benny opened a cash account funded in Singapore Dollars (SGD) with a brokerage firm (the "FI"). He made a few trades denominated in US Dollars (USD) on the FI's trading platform following a friend's tip. He put money into his SGD cash account to fund those trades.

A few years later, Benny logged into his account to make a new trade. He noticed a negative USD account balance with outstanding interest of more than USD4,000. He called the FI and found out that his earlier trades were settled using his USD account, which did not have enough funds. This resulted in a deficit, which had accrued interest charges over the years.

Benny said that the FI had not informed him about the outstanding interest charges for the past few years. He insisted that the FI should have deducted the funds from his SGD cash account.

The FI explained that according to the terms of use of their platform, when a trade is placed without sufficient funds in the same denominated currency, the trade will be made on margin. This meant that funds would be borrowed from the brokerage. What Benny should have done was to convert his SGD into USD as the FI does not automatically convert funds for their customers to settle the trades.

Dissatisfied with the FI's response, Benny came to FIDReC. FIDReC facilitated discussions between Benny and the FI. Benny shared his frustrating experience. In his view, there would be no interest charges if the FI had notified him earlier.

The FI explained that Benny could download the account statement from the website. Had Benny done so, he would have noticed the interest charges. The FI said that it was Benny's duty to review his account balance and inform them of any discrepancies. However, Benny had not contacted them for the past three years. Benny explained that there were always sufficient funds in his SGD cash account, and he did not have any reason to suspect that anything was amiss.

Out of goodwill, the FI offered to waive 30% of the interest charges. Benny decided to accept the FI's offer. He acknowledged that he should have checked his account balance regularly, especially after making a trade.

CASE STUDY 5

DEALING WITH POOR ENDOWMENT RETURNS

James bought a 15-year endowment policy through a bank as part of his retirement planning. The policy required him to pay an annual premium of \$5,000 for five years and matured in 10 years. James would have to contribute a total of \$25,000 in premiums.

James signed off on a Benefit Illustration when purchasing the policy that showed a guaranteed maturity amount of \$20,000. There was also a non-guaranteed maturity component of \$10,000 (assuming a projected investment return of 3.5%) and \$20,000 (assuming a projected investment return of 5%). Thus, the total projected maturity values were \$30,000 and \$40,000 (depending on investment return).

The policy matured 10 years later, with a maturity value of S\$28,000 - below the lower projection of \$30,000. When James asked the insurer how the policy performed. The insurer shared that the participating fund achieved an average investment return of 3.55% per annum over the last 15 years. But, the insurer explained that high claims experience affected the participating fund. This led to the policy's maturity value being less than the projected amount.

James did not accept this explanation and complained to FIDReC. James said that the Benefit Illustration showed that he should receive the sum of \$30,000 if the policy achieved an investment return of 3.5%.

During the mediation, the insurer explained that the Benefit Illustration was illustrative in nature. The insurer said that it had paid the guaranteed values and was under no obligation to pay the non-guaranteed values. If James was unhappy about how the policy or the Benefit Illustration was explained, then James should complain against the bank who sold the policy.

James disagreed with the insurer. He felt that because the insurer issued the policy, the insurer should be responsible for how it was sold. James felt that the employer of the salesperson was irrelevant. He refused to compromise and chose to proceed with adjudication.

The Adjudicator dismissed James's claim. The Adjudicator found that the words of the Benefit Illustration were clear. They stated that the document was for illustrative purposes only. James acknowledged this when he signed off on the Benefit Illustration. The Adjudicator also found that any complaint about the sale of the policy should be against the bank who sold the policy, and not the insurer.



LEARNING POINTS:

- For endowment policies that are participating policies, the premiums paid go into a **participating fund**. The insurer invests the participating fund. How the investments perform will affect how the participating fund performs. Claims on policies and expenses may also affect the participating fund's performance. Learn more about participating policies from [Your Guide to Participating Policies \(lia.org.sg\)](#).
- The **Benefit Illustration** is a document used at the point of sale. It is now known as Policy Illustration. Its purpose is to show the benefits and costs of a policy. It is not part of the insurance contract. Apart from the guaranteed values, all other projected values are non-guaranteed. Non-guaranteed values remain subject to the insurer's discretion.
- Before bringing a claim, you should think about who the **correct party** to claim against should be. For example, where insurance policies are purchased through a bank, claims about how the sale took place should be against the bank. If the dispute is about the administration of a policy or policy terms, then the claim should be against the insurer.
- Although you may be disappointed about a policy's maturity value or returns, this may not be a valid claim. For a valid claim, you must **prove some wrongdoing**. For example, that there has been misrepresentation or a breach of the insurance contract.

CASE STUDY 6

NAVIGATING CRITICAL ILLNESS POLICIES



LEARNING POINTS:

- The policy terms are critical in determining whether an insurance claim is successful. It is important to pay attention to the **conditions of cover and any exclusions**. Please note that exclusions can be specific to certain conditions or generally applicable.
- The insurance application form usually contains a statement that you have **read and understood the policy terms**. Do seek clarification or raise questions with the sales representative or the insurer before buying a policy.
- After purchasing a policy, policyholders will receive a copy of the policy terms. This may be in hardcopy or softcopy. It is the **policyholder's responsibility** to review these documents. There is a 14-day freelook period where you can cancel the contract without penalty.
- For CI policies, each insurer has the **commercial discretion** to design coverage for early or intermediate stage CI. The Life Insurance Association of Singapore only sets definitions for advanced or severe CI. Please ensure that you compare different policies before making your decision. One tool for this is the [CompareFirst](#) website that allows you to compare Direct Purchase Insurance products offered by different insurers.

Jane's mother suffered from kidney failure and was going through dialysis. Her grandmother had kidney disease as well. Knowing the importance of insurance for serious illnesses, Jane bought a comprehensive Critical Illness (CI) term plan. The CI policy covered early, intermediate and advanced stage CI.

At the point of sale, the Agent went through the Benefit Illustration and Product Summary to explain the CI policy. Jane expressed her concerns about her family history, particularly regarding kidney disease, and asked the Agent whether the CI policy would cover kidney disease. The Agent referred her to the policy terms, which stated that there was an early-stage benefit for kidney failure if: (1) one kidney was surgically removed; or (2) a specialist makes a diagnosis of chronic kidney disease where renal function is permanently impaired. The Agent sent the terms of the CI policy to Jane along with other sales documents subsequently.

Several years later, Jane consulted a dermatologist when she observed a red spot on her skin near her eye. The dermatologist diagnosed Jane with Stage 0 non-invasive melanoma. This was an early-stage cancer. The dermatologist performed surgery to remove the melanoma.

Jane recalled that the CI policy had early-stage cancer benefit and proceeded to file a claim. But the insurer rejected the claim because the CI policy excluded non-invasive melanomas. Jane appealed to the insurer without success and filed a claim at FIDReC.

Despite the efforts of the mediator, the parties could not reach a resolution. Jane then referred her case to adjudication.

During the adjudication, Jane argued that the Agent had not told her about the exclusion for non-invasive melanomas. She complained that the policy booklet was more than 50 pages and was hard for her to understand. She bought the CI policy because she wanted protection from early-stage CIs. Accordingly, she wanted the insurer to allow her claim.

The Insurer explained that although the policy provided an "Early-Stage Cancer Benefit", this did not mean that it covered all forms of early-stage cancers. The CI policy booklet set out the details of what the policy included and excluded.

The Adjudicator examined the sales process and the policy terms. The Adjudicator agreed that the policy terms were difficult for a typical consumer to understand. However, this did not mean that the consumer was not bound by the policy terms. The Adjudicator noted that Jane could have asked the Agent if she had concerns about any of the terms. She had in fact done this for the scope of coverage relating to kidney disease.

Additionally, the Adjudicator found that the policy documents clearly stated the exclusions relied on by the insurer. There was no evidence that Jane had concerns about early-stage cancer benefits at the point of sale. The Adjudicator dismissed Jane's claim.

CASE STUDY 7

ENTERING THE WRONG DATE FOR TRAVEL INSURANCE

Derrick was going to Europe for his first solo adventure. He bought a single-trip travel insurance plan online. By mistake, he selected the date of departure as the day he arrived at his destination instead of the day he left Singapore. But believing his coverage would begin from his first day in Europe, he embarked on his journey anyway. Unfortunately, Derrick suffered some flight cancellations and delays due to adverse weather conditions. This led to unexpected travel and accommodation expenses.

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On his return to Singapore, he filed a claim with his insurer. To his dismay, the insurer rejected the claim. The insurer said that the policy was invalid because the date of departure from Singapore was before the period of cover.

Derrick unsuccessfully appealed to the insurer and later filed a claim at FIDReC.

At mediation, representatives from the insurer's representatives explained that the terms and conditions of the travel plan required that the policy cover an entire trip starting and ending in Singapore. The insurer pointed out that the online application form clearly asked for the dates Derrick would depart from and arrive in Singapore.

Derrick acknowledged that he made a mistake with the date. It was his first solo trip and his first time buying travel insurance. But he felt that the insurer should admit his claim because the incidents happened during the period indicated. The insurer's representatives maintained that there was no valid cover but offered some shopping vouchers to Derrick as a goodwill gesture. Derrick refused the offer and referred his case for adjudication.

The adjudicator reviewed all the evidence submitted by the parties and dismissed Derrick's claim. The adjudicator expressed sympathy for Derrick but found that the words of the travel insurance plan were unambiguous. The period of the plan must include the date of departure from Singapore to the date of arrival.



LEARNING POINTS:

- Single trip travel insurance policies usually require that you include the **entire trip** from the date of departure from Singapore to the date of arrival in Singapore. You cannot cover only a portion of your trip.
- Double check that the **details of your trip are correctly stated** in the travel insurance application form. If you have made a mistake, contact the insurer immediately.
- Always review the policy terms to ensure that the **cover is adequate** and appropriate for the trip. Different insurers will offer different terms. Compare the terms of different policies before deciding on what is best for you.
- When in doubt, **contact the insurer** for help.

CASE STUDY 8

USE OF RE-CONDITIONED PARTS IN REPAIRS



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LEARNING POINTS:

- **Lower-priced policies may come with restrictions** on whether new or re-conditioned parts may be used in repairs. Other restrictions may include who is the main driver of the car, whether the car can only be driven by named drivers, and where you can send the vehicle for repairs.
- The Policy Schedule or Certificate of Insurance **contains information on the amount and scope of cover**. These terms form the contract that binds both you and the insurer.
- Do **review the policy documents** when purchasing insurance and in the event of any accident. You can expect the insurer to abide by the policy terms.
- If there is anything you do not understand, **always ask your insurer**.
- For more information on points to consider before buying a motor insurance policy, please review the **General Insurance Association Motor Insurance Consumer Guide**.

Alex owned a 7-year-old sedan. One day, he got into an accident in a carpark and damaged his car. No other vehicles were involved. Later that day, Alex filed an Own Damage Claim with his insurer and sent his car for repairs.

The repair workshop informed Alex that it would use re-conditioned parts for the repairs. Alex wanted brand-new parts. He approached his insurer who refused his request. Alex then came to FIDReC.

There was an in-person mediation. The insurer's representatives included their appointed loss adjuster. The mediator invited Alex to share his views. Alex explained that he thought that the repairs would use new parts. He was also worried that re-conditioned parts were not as safe as new parts. He shared that he frequently ferried his young children in the car.

The mediator then requested the insurer to explain their approach and address Alex's concerns. The insurer reviewed the policy with Alex, which stated that the insurer could either choose to pay the amount of the loss or damage, or to repair, reinstate, or replace any part of the insured vehicle with re-conditioned parts. The insurer explained that any payment could not exceed the prevailing market value of the insured vehicle at the time of the loss. As Alex's car was already seven years old, its market value was low, making it economically impractical to use brand-new parts.

The insurer assured Alex that the re-conditioned parts came with a warranty. There were also safeguards to ensure the quality and safety of the repairs.

After further discussions with the mediator, Alex accepted the insurer's explanation and assurances. The mediation session concluded with both parties reaching a mutual understanding of the policy terms.

DETAILED STATISTICS

PROGRESS OF FIDReC

FY2023/2024 (1 July 2023 to 30 June 2024)

CLAIMS AND INQUIRIES RECEIVED BY FIDReC	
Number of claims received by FIDReC*	2,894
Number of inquiries received by FIDReC	5,448

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CLAIMS RECEIVED AND HANDLED BY FIDReC

Number of claims received by FIDReC*	2,894
Number of claims at Pre-Acceptance Stage **	71
Number of claims not valid ***	512
Number of claims outside jurisdiction	127
Number of claims handled by FIDReC (including claims lodged in the preceding periods)	2,162

* In the period from 1 July 2023 to 30 June 2024, FIDReC received 2,894 claims by email, post, fax, and phone. Out of these 2,894 claims, 639 claims were either not valid or outside FIDReC’s jurisdiction, and 71 claims were at Pre-Acceptance Stage.

** These are claims submitted online by consumers, and that are under evaluation or returned to them for more information.

***These are claims that are referred back to the Financial Institutions (as the consumer had yet to approach their Financial Institution), duplicated claims submitted in error by consumers and claims that are withdrawn by the consumer.

STATUS	CLAIMS*	INQUIRIES
Claims completed by FIDReC	1,728	5,448
Claims pending (as at 30 June 2024)	848	-
Claims not valid	512	-
Claims outside jurisdiction	127	-
Total	3,215	5,448

* These figures include claims lodged in the preceding periods, which were completed in the period 1 July 2023 to 30 June 2024.



DETAILED STATISTICS

PERIOD: 1 JULY 2023 TO 30 JUNE 2024

Breakdown by Nature of Claims

BLOCK*	CLAIMS HANDLED						CLAIMS COMPLETED #			NO. OF CLAIMS PENDING AS OF 30 JUNE 2024 @
	FINANCIAL INSTITUTIONS' PRACTICE/ POLICIES	MARKET CONDUCT	SERVICE STANDARDS	FRAUD/ SCAM (COMBINED)	TOTAL	%^	NO. OF CLAIMS COMPLETED BY MEDIATION	NO. OF CLAIMS ADJUDICATED (AWARDS MADE)	NO. OF CLAIMS ADJUDICATED (NO AWARDS MADE)	
A	204	225	135	823	1,387	64%	1,058	27	165	463
B	236	97	50	4	387	18%	188	6	43	172
C	212	1	28	0	241	11%	159	9	11	130
D	39	8	37	2	86	4%	30	0	10	52
E	3	45	13	0	61	3%	14	4	4	31
Total	694	376	263	829	2,162	100%	1,449	46	233	848
%	32%	17%	12%	38%	100%					

* **Notes:**

Block A – Banks, Finance Companies and Credit Bureaus

Block B – Life and Composite Insurers

Block C – General and Composite Insurers

Block D – Capital Markets Services Licensees

Block E – Licensed Financial Advisers and Insurance Intermediaries

^ Figures may not add up to 100% due to rounding.

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2023 to 30 June 2024.

@ These figures include claims lodged in the preceding periods, which were pending as at 30 June 2024.



DETAILED STATISTICS

PERIOD: 1 JULY 2023 TO 30 JUNE 2024

(Breakdown by Nature of Claims) - Category A

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CLAIMS HANDLED			CLAIMS COMPLETED #			NO. OF CLAIMS PENDING AS AT 30 JUNE 2024 ®
BREAKDOWN OF CLAIMS	NO. OF CLAIMS	%*	NO. OF CLAIMS COMPLETED BY MEDIATION	NO. OF CLAIMS ADJUDICATED (AWARDS MADE)	NO. OF CLAIMS ADJUDICATED (NO AWARDS MADE)	
🔍 Financial Institutions' Practice / Policies						
Debt restructuring	5	0.36%	1	0	0	2
Disputes on claim amount awarded	5	0.36%	3	0	0	3
Disputes on liability	12	0.87%	12	0	1	4
General industry feedback	1	0.07%	0	0	0	0
Non-renewal of services/ underwriting	11	0.79%	10	0	0	2
Other contractual matters	9	0.65%	7	0	0	3
Policy values and investment returns	16	1.15%	12	0	0	6
Pricing policies / premiums / interest rates / fees & charges	144	10.38%	97	1	8	57
Rejection of new applications / underwriting decisions	1	0.07%	1	0	0	0
Sub-Total for : Financial Institutions' Practice / Policies	204	14.71%	143	1	9	77
📊 Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	223	16.08%	100	11	75	131
Unauthorized transactions / fraud / forgery	2	0.14%	3	0	0	0
Sub-Total for : Market Conduct	225	16.22%	103	11	75	131
👤 Service Standards						
Delay / Failure in processes	133	9.59%	112	2	23	21
General industry feedback	1	0.07%	1	0	0	0
Staff-related issues	1	0.07%	1	0	1	0
Sub-Total for : Service Standards	135	9.73%	114	2	24	21
⋯ Others						
Others – Fraud / Scam / Theft	823	59.34%	698	13	57	233
Sub-Total for : Others	823	59.34%	698	13	57	233
Grand Total for All Nature of Claims	1,387	100.00%	1,058	27	165	463

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2023 to 30 June 2024.

* Figures may not add up to 100% due to rounding.

@ These figures include claims lodged in the preceding periods, which were pending as at 30 June 2024.

DETAILED STATISTICS

PERIOD: 1 JULY 2023 TO 30 JUNE 2024

(Breakdown by Nature of Claims) - Category B

CLAIMS HANDLED			CLAIMS COMPLETED #			NO. OF CLAIMS PENDING AS AT 30 JUNE 2024 [@]
BREAKDOWN OF CLAIMS	NO. OF CLAIMS	%*	NO. OF CLAIMS COMPLETED BY MEDIATION	NO. OF CLAIMS ADJUDICATED (AWARDS MADE)	NO. OF CLAIMS ADJUDICATED (NO AWARDS MADE)	
🏦 Financial Institutions' Practice / Policies						
Disputes on claim amount awarded	30	7.75%	20	1	5	12
Disputes on liability	100	25.84%	48	1	9	46
Non-renewal of services / underwriting	18	4.65%	12	1	8	8
Other contractual matters	5	1.29%	2	0	0	4
Policy values and investment returns	43	11.11%	24	1	8	13
Pricing policies / premiums / interest rates / fees & charges	36	9.30%	3	0	0	13
Rejection of new applications / underwriting decisions	4	1.03%	1	0	1	1
Sub-Total for : Financial Institutions' Practice / Policies	236	60.98%	110	4	31	97
🏢 Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	95	24.55%	49	2	5	50
Unauthorized transactions / fraud / forgery	0	0.00%	0	0	2	0
Sub-Total for : Market Conduct	97	25.06%	49	2	7	50
👤 Service Standards						
Delay / Failure in processes	49	12.66%	29	0	5	20
Staff-related issues	1	0.26%	0	0	0	1
Sub-Total for : Service Standards	50	12.92%	29	0	5	21
☰ Others						
Others – Fraud / Scam	4	1.03%	0	0	0	4
Sub-Total for : Others	4	1.03%	0	0	0	4
Grand Total for All Nature of Claims	387	100.00%	188	6	43	172

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2023 to 30 June 2024.

* Figures may not add up to 100% due to rounding.

@ These figures include claims lodged in the preceding periods, which were pending as at 30 June 2024.

DETAILED STATISTICS

PERIOD: 1 JULY 2023 TO 30 JUNE 2024

(Breakdown by Nature of Claims) - Category C

CLAIMS HANDLED			CLAIMS COMPLETED #			NO. OF CLAIMS PENDING AS AT 30 JUNE 2024 @
BREAKDOWN OF CLAIMS	NO. OF CLAIMS	%*	NO. OF CLAIMS COMPLETED BY MEDIATION	NO. OF CLAIMS ADJUDICATED (AWARDS MADE)	NO. OF CLAIMS ADJUDICATED (NO AWARDS MADE)	
🏦 Financial Institutions' Practice / Policies						
Disputes on claim amount awarded	39	16.18%	26	5	0	23
Disputes on liability	160	66.39%	99	4	8	88
Non-renewal of services / underwriting	4	1.66%	2	0	1	1
Other contractual matters	1	0.41%	0	0	0	1
Policy values and investment returns	0	0.00%	0	0	0	0
Pricing policies / premiums / interest rates / fees & charges	8	3.32%	6	0	0	3
Sub-Total for : Financial Institutions' Practice / Policies	212	87.97%	133	9	9	116
🏢 Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	1	0.41%	0	0	0	1
Sub-Total for : Market Conduct	1	0.41%	0	0	0	1
👤 Service Standards						
Delay / Failure in processes	28	11.62%	26	0	2	13
Sub-Total for : Service Standards	28	11.62%	26	0	2	13
Grand Total for All Nature of Claims	241	100.00%	159	9	11	130

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2023 to 30 June 2024.

* Figures may not add up to 100% due to rounding.

@ These figures include claims lodged in the preceding periods, which were pending as at 30 June 2024.



DETAILED STATISTICS

PERIOD: 1 JULY 2023 TO 30 JUNE 2024

(Breakdown by Nature of Claims) - Category D

CLAIMS HANDLED			CLAIMS COMPLETED #			NO. OF CLAIMS PENDING AS AT 30 JUNE 2024 @
BREAKDOWN OF CLAIMS	NO. OF CLAIMS	%*	NO. OF CLAIMS COMPLETED BY MEDIATION	NO. OF CLAIMS ADJUDICATED (AWARDS MADE)	NO. OF CLAIMS ADJUDICATED (NO AWARDS MADE)	
🏦 Financial Institutions' Practice / Policies						
Disputes on liability	0	0.00%	0	0	1	0
Non-renewal of services / underwriting	0	0.00%	0	0	0	0
Other contractual matters	2	2.33%	1	0	1	0
Policy values and investment returns	30	34.88%	2	0	0	27
Pricing policies / premiums / interest rates / fees & charges	7	8.14%	2	0	1	2
Sub-Total for : Financial Institutions' Practice / Policies	39	45.35%	5	0	3	29
🏢 Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	7	8.14%	0	0	2	7
Unauthorized transactions / fraud / forgery	1	1.16%	1	0	0	0
Sub-Total for : Market Conduct	8	9.30%	1	0	2	7
👤 Service Standards						
Delay / Failure in processes	37	43.02%	22	0	5	16
Sub-Total for : Service Standards	37	43.02%	22	0	5	16
☰ Others						
Others – Fraud / Scam	2	2.33%	2	0	0	0
Sub-Total for : Others	2	2.33%	2	0	0	0
Grand Total for All Nature of Claims	86	100.00%	30	0	10	52

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2023 to 30 June 2024.

* Figures may not add up to 100% due to rounding.

@ These figures include claims lodged in the preceding periods, which were pending as at 30 June 2024.

DETAILED STATISTICS

PERIOD: 1 JULY 2023 TO 30 JUNE 2024

(Breakdown by Nature of Claims) - Category E

CLAIMS HANDLED			CLAIMS COMPLETED #			NO. OF CLAIMS PENDING AS AT 30 JUNE 2024 ®
BREAKDOWN OF CLAIMS	NO. OF CLAIMS	%*	NO. OF CLAIMS COMPLETED BY MEDIATION	NO. OF CLAIMS ADJUDICATED (AWARDS MADE)	NO. OF CLAIMS ADJUDICATED (NO AWARDS MADE)	
🏦 Financial Institutions' Practice / Policies						
Disputes on liability	1	1.64%	0	0	0	1
Policy values and investment returns	1	1.64%	0	0	0	1
Pricing policies / premiums / interest rates / fees & charges	1	1.64%	6	0	0	0
Sub-Total for : Financial Institutions' Practice / Policies	3	4.92%	6	0	0	2
🏢 Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	45	73.77%	7	4	4	17
Sub-Total for : Market Conduct	45	73.77%	7	4	4	17
👤 Service Standards						
Delay / Failure in processes	4	6.56%	1	0	0	3
Staff-related issues	9	14.75%	0	0	0	9
Sub-Total for : Service Standards	13	21.31%	1	0	0	12
Grand Total for All Nature of Claims	61	100.00%	14	4	4	31

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2023 to 30 June 2024.

* Figures may not add up to 100% due to rounding.

@ These figures include claims lodged in the preceding periods, which were pending as at 30 June 2024.



DETAILED STATISTICS

OUTCOME DISTRIBUTION

TOTAL COMPLETION

BLOCK*	NO. OF CLAIMS	COMPLETION AT MEDIATION	COMPLETION AT MEDIATION %	COMPLETION AT ADJUDICATION	COMPLETION AT ADJUDICATION %
A	1,250	1,058	84.64%	192	15.36%
B	237	188	79.32%	49	20.68%
C	179	159	88.83%	20	11.17%
D	40	30	75.00%	10	25.00%
E	22	14	63.64%	8	36.36%
Total	1,728	1,449	83.85%	279	16.15%

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COMPLETION AT MEDIATION

BLOCK*	NO. OF CLAIMS	WITH SETTLEMENT	WITH SETTLEMENT %	WITHOUT SETTLEMENT	WITHOUT SETTLEMENT %
A	1,058	876	82.80%	182	17.20%
B	188	83	44.15%	105	55.85%
C	159	124	77.99%	35	22.01%
D	30	17	56.67%	13	43.33%
E	14	13	92.86%	1	7.14%
Total	1,449	1,113	76.81%	336	23.19%

COMPLETION AT ADJUDICATION

BLOCK*	NO. OF CLAIMS	AWARD MADE	AWARD MADE %	NO AWARD	NO AWARD %
A	192	27	14.06%	165	85.94%
B	49	6	12.24%	43	87.76%
C	20	9	45.00%	11	55.00%
D	10	0	0.00%	10	100.00%
E	8	4	50.00%	4	50.00%
Total	279	46	16.49%	233	83.51%

*Note:

Block A - Banks, Finance Companies and Credit Bureaus
 Block B - Life and Composite Insurers
 Block C - General and Composite Insurers
 Block D - Capital Markets Service Licensees
 Block E - Licensed Financial Advisers and Insurance Brokers

CATEGORIES OF CLAIMS

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NATURE OF DISPUTE	DEFINITIONS / EXAMPLES
Service Standards	
Staff-related issues	Dissatisfaction with FI's standard of service (e.g. rude or incompetent staff); Mistake or oversight by staff.
Delay / failure in processes	Delay or inability of FI to perform certain services due to system problems or inflexible procedures. Delays in processing and settlement of insurance claims should be included here.
General industry feedback	General feedback on service standards of the financial services industry, not targeted at any particular FI.
Financial Institutions' Practice / Policies	
Pricing policies / premiums / interest rates / fees & charges	Disputes over interest rates on credit facilities, savings accounts and other banking facilities; insurance premiums; and fees & charges of investment products and services (e.g. subscription fees, fees and charges for opening of accounts etc.).
Policy values & investment returns	Lower policy values (including bonus cuts, dividends etc); poor investment returns (not relating to misrepresentation by adviser).
Disputes on liability	FI has repudiated liability but complainant argues that it is a valid claim.
Disputes on claim amount awarded	Complainant is unhappy with the claim amount awarded.
Other contractual matters	Disputes relating to the terms & conditions of contractual agreements (except pricing matters, which should be classified under "Pricing Policies").
Rejection of new applications / underwriting decisions (new applications)	Disputes over FI's assessment / underwriting decisions leading to a rejection of new applications for credit cards, loans, insurance policies and other financial products and services.
Non-renewal of services / underwriting decisions (renewal)	Disputes over FI's assessment / underwriting decisions leading to FI's refusal to renew existing insurance policies or other financial products or services, or inclusion by FI of additional costs or exclusion clauses in view of higher claims / higher risks assumed (except matters on pricing / premiums, which should be classified under "Pricing Policies").
Debt restructuring	Appeals to have debts restructured due to complainants' inability to service their debts.
General industry feedback	General feedback on commercial practices and business decisions of the financial services industry, not targeted at any particular FI.

CATEGORIES OF CLAIMS

NATURE OF DISPUTE	DEFINITIONS / EXAMPLES
Market Conduct	
Unauthorised transactions / fraud / forgery	Allegations of unauthorised / dishonest transactions by FIs / FI's staff and cases of cheating & fraud.
Inappropriate advice / misrepresentation / disclosure issues	Making recommendations without due consideration to the client's financial objectives, financial situation and particular needs (insufficient explanation of product features / risks or insufficient fact-find analysis); making deceptive, false and misleading statements; not making full and / or adequate disclosure of all facts for clients to make an informed decision.
Unregulated / unlicensed activities	Unlicensed persons carrying on licensable activities; regulated entities carrying on activities without proper licence / authorisation.
Issues on fitness and propriety of licensees / regulated persons	Claims about the integrity / fitness and propriety of licensees / persons providing financial advisory services.
Aggressive sales tactics	Aggressive product pushing and marketing of financial products and services; Nuisance calls and hard selling by advisers.
Other misconduct	Misconduct other than those described above. Examples of such misconduct include 'pooling' (Agent A submits a new application under Agent B in order to help Agent B reach his quota), 'financing' (Agent is subsidising the payment of premiums for policyholder in order to close sales and achieve production quota), 'phantom policy' (Agent submits proposal using fictitious policyholder name in order to achieve production quota) and 'replacement of policy'.
General industry feedback	General feedback on market conduct issues relevant to the financial services industry including unfair / unethical practices undertaken by industry as a whole (e.g. cartel pricing).
Enquiries	General enquiries on procedures for filing a dispute, when to file a dispute, operating hours etc.
Others	Other types of disputes not listed above.




FINANCIAL INDUSTRY DISPUTES RESOLUTION CENTRE LIMITED

(Registration No: 200502125D)

STATEMENT BY DIRECTORS AND FINANCIAL STATEMENTS

Year Ended 30 June 2024



STATEMENT BY DIRECTORS

The directors of the company are pleased to present the audited financial statements of the company for the reporting year ended 30 June 2024.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. DIRECTORS

The directors of the company in office at the date of this statement are:

Han Juat Jong	(Chairperson)
Tan Tiong Jin Clifton	
Lim Chee Hua, Andrew	
Khor Hock Seng	
Sng Seow Wah	
Yong Yik Chye, Melvin	
Choo Oi Yee	(Appointed on 8 April 2024)

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

The company is a company limited by guarantee and has no share capital.

4. OPTIONS

The company is a company limited by guarantee. As such, there are no share options or unissued shares of the company under option.

STATEMENT BY DIRECTORS

5. INDEPENDENT AUDITOR

RSM SG Assurance LLP has expressed willingness to accept re-appointment. This audit firm was known as RSM Chio Lim LLP before 1 March 2024.

On behalf of the directors

[Signed]

.....

Han Juat Jong
Director

18 November 2024

[Signed]

.....

Tan Tiong Jin Clifton
Director

INDEPENDENT AUDITOR'S REPORT

to the Members of Financial Industry Disputes Resolution Centre Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Financial Industry Disputes Resolution Centre Limited (the "company"), which comprise the statement of financial position as at 30 June 2024, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated fund and statement of cash flows for the reporting year then ended, and notes to the financial statements, including material accounting policy information.

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In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and the Financial Reporting Standards ("FRS") so as to give a true and fair view of the financial position of the company as at 30 June 2024 and of the financial performance, changes in accumulated fund and cash flows of the company for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the statement by directors and the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

to the Members of Financial Industry Disputes Resolution Centre Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and the FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

to the Members of Financial Industry Disputes Resolution Centre Limited

- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Isa Chin Khee Soon.

RSM SG Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

18 November 2024

Engagement partner - effective from year ended 30 June 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year Ended 30 June 2024

	NOTES	2024 \$	2023 \$
Revenue	4	4,329,250	3,635,966
Other income and gains	5	527,131	334,205
Total income		4,856,381	3,970,171
Expenditures:			
Adjudicator fees		(170,000)	(126,600)
Depreciation of plant and equipment	8	(900,326)	(848,667)
Depreciation of right-of-use assets	9	(400,936)	(400,934)
Directors' remuneration / honorarium	3	(86,000)	(86,000)
Employee benefits expense	6	(2,468,118)	(1,966,757)
Finance costs		(114,719)	(138,931)
Insurance		(34,176)	(31,506)
Office maintenance		(311,023)	(160,793)
Professional fees		(236,013)	(114,810)
Training and courses		(49,045)	(35,277)
Other administrative expenses		(280,503)	(240,897)
Total expenditures		(5,050,859)	(4,151,172)
Deficit before income tax		(194,478)	(181,001)
Income tax expense	7	(13,745)	(80,721)
Net deficit, representing total comprehensive loss for the reporting year		(208,223)	(261,722)

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The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTES	2024 \$	2023 \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	8	653,789	1,521,913
Right-of-use assets	9	1,436,684	1,837,620
Total non-current assets		2,090,473	3,359,533
<u>Current assets</u>			
Trade and other receivables	10	63,714	63,275
Other assets	11	191,145	185,395
Cash and cash equivalents	12	3,644,352	2,766,883
Total current assets		3,899,211	3,015,553
Total assets		5,989,684	6,375,086
FUND AND LIABILITIES			
<u>Fund</u>			
Accumulated surplus		2,934,838	3,143,061
Total fund		2,934,838	3,143,061
<u>Non-current liabilities</u>			
Deferred tax liabilities	7	43,400	80,245
Provision	14	165,000	165,000
Other non-financial liability	16	323,199	–
Financial liabilities - lease liabilities	17	1,232,913	1,659,342
Total non-current liabilities		1,764,512	1,904,587
<u>Current liabilities</u>			
Trade payables	15	605,344	640,265
Other non-financial liability	16	258,559	286,515
Financial liabilities - lease liabilities	17	426,431	400,658
Total current liabilities		1,290,334	1,327,438
Total liabilities		3,054,846	3,232,025
Total fund and liabilities		5,989,684	6,375,086

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUND

Year Ended 30 June 2024

	ACCUMULATED SURPLUS	
	\$	
Current year:		
As at 1 July 2023	3,143,061	
Net deficit, representing total comprehensive loss for the reporting year	(208,223)	
Balance as at 30 June 2024	2,934,838	
Previous year:		
As at 1 July 2022	3,404,783	45
Net deficit, representing total comprehensive loss for the reporting year	(261,722)	
Balance as at 30 June 2023	3,143,061	

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

Year Ended 30 June 2024

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	2024 \$	2023 \$
<u>Cash flows from operating activities</u>		
Deficit before income tax	(194,478)	(181,001)
Adjustments for:		
Depreciation of plant and equipment	900,326	848,667
Depreciation of right-of-use assets	400,936	400,934
Interest income	(33,617)	(24,131)
Interest expense	114,719	138,931
Operating cash flows before changes in working capital	1,187,886	1,183,400
Trade and other receivables	(439)	(24,874)
Other assets	(5,750)	(19,019)
Trade payables	(34,921)	83,217
Other non-financial liability	(480,435)	(286,515)
Net cash flows from operations	666,341	936,209
Income taxes paid	(50,590)	(9,993)
Net cash flows from operating activities	615,751	926,216
<u>Cash flows from investing activities</u>		
Interest received	33,617	24,131
Purchase of plant and equipment	(32,202)	(247,597)
Net cash flows from/ (used in) investing activities	1,415	(223,466)
<u>Cash flows from financing activities</u>		
Lease liabilities – principal portion paid	(400,656)	(378,375)
Lease liabilities – interest paid	(114,719)	(138,931)
Receipt of government grant	775,678	–
Net cash flows from/ (used in) financing activities	260,303	(517,306)
Net increase in cash and cash equivalents	877,469	185,444
Cash and cash equivalents, statement of cash flows, beginning balance	2,766,883	2,581,439
Cash and cash equivalents, statement of cash flows, ending balance (Note 12)	3,644,352	2,766,883

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

1. GENERAL INFORMATION

The company (Registration No: 200502125D) is incorporated in Singapore as a company limited by guarantee. The financial statements are presented in Singapore dollars.

Each member of the company has undertaken to contribute such amounts not exceeding \$1 to the assets of the company in the event the company is wound up and the monies are required for payment of the liabilities of the company. The company had 2 (2023:2) members at the end of the reporting year.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors. The directors have the power to amend and reissue the financial statements.

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The principal activities are to act as an independent and impartial institution specialising in the resolution of disputes between financial institutions and complaints.

The registered office is: 36 Robinson Road #15-01, City House, Singapore 068877. The principal place of business is in Singapore.

Macroeconomic conditions related disclosures

The conditions remain challenging with geopolitical instability and affecting domestic and global growth in the current high interest environment.

Uncertainties relating to the current macroeconomic conditions:

Management has considered the uncertain and challenging macroeconomic and geopolitical environment that have caused widespread increase in interest rates and a significant rise in inflation, affecting the cost of many of the goods and services for customers and suppliers. Management reviewed the probable impact and plausible downside scenarios. No material uncertainties were identified in connection with the reporting entity's ability to continue in operational existence for the near future.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Financial Reporting Standards ("FRSs") and the related interpretations to FRS ("INT FRS") as issued by the Accounting Standards Committee under ACRA ("ASC"). They comply with the provisions of the Companies Act 1967.

Basis of preparation of the financial statements

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2A. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION

Revenue and income recognition

General - Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, and modifications), net of any related taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

Case fees – Revenue for levy and case fees are recognised when the services have been performed and rendered.

Interest income is recognised using the effective interest method.

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the Singapore Dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2A. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONT'D)

Income tax

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current income tax is the expected tax payable on the taxable income for the reporting year; calculated using rates enacted or substantively enacted at the statements of financial position date; and inclusive of any adjustment to income tax payable or recoverable in respect of previous reporting years. Deferred tax is recognised using the liability method; based on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their respective income tax bases; and determined using tax rates that have been enacted or substantively enacted by the reporting year end date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets (or, for certain leased assets, the shorter lease term). An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle.

Right-of-use assets

The right-of-use assets are accounted and presented as if they were owned such as plant and equipment.

Leases of lessee

A lease conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Where a lease arrangement is identified, a liability to the lessor is recognised as a lease obligation calculated at the present value of minimum unavoidable lease payments. A corresponding right-of-use asset is recorded. Lease payments are apportioned between finance costs and reduction of the lease liability so as to reflect the interest on the remaining balance of the liability. Finance charges are recorded as a finance cost. Leases with a term of 12 months or less and leases for low value are not recorded as a liability and lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. For short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office equipment) where an accounting policy choice exists under the lease standard, for such leases, a right-of-use asset is recognised.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2A. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONT'D)

Carrying amounts of non-financial assets

The amounts of the non-current non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the statement of profit or loss whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

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Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires.

At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Categories of financial assets and financial liabilities:

The financial reporting standard on financial instruments four categories of financial assets and two categories for liabilities. At the end of the reporting year, the reporting entity had the following categories financial assets and financial liabilities:

- Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically, trade and other receivables, bank and cash balances are classified in this category.
- Financial liabilities are categorised as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2A. MATERIAL ACCOUNTING POLICY INFORMATION AND OTHER EXPLANATORY INFORMATION (CONT'D)

Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash flows are reported using the indirect method, whereby profit or loss is adjusted for the effects of transactions of a non-cash nature, and items of income or expense associated with investing or financing cash flows.

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Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements. The recurring measurements are made at each reporting year end date.

Other specific material accounting policy information and other explanatory information

These are disclosed at the relevant notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

2B. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

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3. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Key management compensation:

	2024 \$	2023 \$
Directors' remuneration / honorarium	86,000	86,000
Salaries and other short-term employee benefits	538,823	509,705
Contributions to defined contribution plan	25,400	25,382
	<u>650,223</u>	<u>621,087</u>

Key management personnel are the directors, chief executive officer and the senior officers having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly.

4. REVENUE

	2024 \$	2023 \$
Levy from subscriber financial institutions	4,106,850	3,439,866
Case fees from subscriber financial institutions and complainants	222,400	196,100
	<u>4,329,250</u>	<u>3,635,966</u>

The revenue is from services. About \$4,106,850 (2023: \$3,439,866) is recognised based on over time and the balance is point in time. The customers are financial institutions or consumers in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

5. OTHER INCOME AND GAINS

	2024 \$	2023 \$
Government grant income	480,435	298,188
Interest income from fixed deposits	33,617	24,131
Other income	13,079	11,886
	527,131	334,205

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6. EMPLOYEE BENEFITS EXPENSE

	2024 \$	2023 \$
Short term employee benefits expense	2,192,732	1,752,904
Contributions to defined contribution plan	275,386	213,853
Total employee benefits expense	2,468,118	1,966,757

7. INCOME TAX EXPENSE

7A. Components of tax expense recognised in profit or loss include:

	2024 \$	2023 \$
<u>Current tax expense:</u>		
Under adjustments in respect of prior periods	50,590	476
Subtotal	50,590	476
<u>Deferred tax (income)/ expense:</u>		
Deferred tax (income)/ expense	(36,845)	80,245
Subtotal	(36,845)	80,245
Total income tax expense	13,745	80,721

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

7. INCOME TAX EXPENSE (CONT'D)

7A. Components of tax expense recognised in profit or loss include: (Cont'd)

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17.0% (2023: 17.0%) to surplus before income tax as a result of the following differences:

	2024 \$	2023 \$
Deficit before income tax	(194,478)	(181,001)
Income tax benefit at the above rate	(33,061)	(30,770)
Under adjustments in respect of prior periods	50,590	476
Other minor items less than 3% each	(17,807)	30,770
Total income tax expense	13,745	476

7B. Deferred tax (income) expense recognised in profit or loss includes:

	2024 \$	2023 \$
Excess of book over tax depreciation on plant and equipment	(149,712)	(106,657)
Provisions	(2,236)	9,828
Unutilised capital allowance	115,103	116,725
Unrecognised deferred tax liabilities	–	60,349
	(36,845)	80,245

7C. Deferred tax balance in the statement of financial position:

	2024 \$	2023 \$
Excess of book over tax depreciation on plant and equipment	(65,432)	(215,144)
Provisions	8,009	5,773
Unutilised capital allowance	14,023	129,126
	(43,400)	(80,245)

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

8. PLANT AND EQUIPMENT

	FURNITURE AND FITTINGS \$	OFFICE EQUIPMENT \$	COMPUTERS AND SOFTWARE \$	TOTAL \$
<u>Cost:</u>				
At 1 July 2022	645,174	130,737	2,790,180	3,566,091
Additions	7,654	2,929	237,014	247,597
Disposals	–	–	(11,877)	(11,877)
At 30 June 2023	652,828	133,666	3,015,317	3,801,811
Additions	11,291	–	20,911	32,202
At 30 June 2024	664,119	133,666	3,036,228	3,834,013
<u>Accumulated depreciation:</u>				
At 1 July 2022	630,587	101,942	710,579	1,443,108
Depreciation for the year	6,576	9,811	832,280	848,667
Disposals	–	–	(11,877)	(11,877)
At 30 June 2023	637,163	111,753	1,530,982	2,279,898
Depreciation for the year	10,101	11,789	878,436	900,326
At 30 June 2024	647,264	123,542	2,409,418	3,180,224
<u>Carrying value:</u>				
At 1 July 2022	14,587	28,795	2,079,601	2,122,983
At 30 June 2023	15,665	21,913	1,484,335	1,521,913
At 30 June 2024	16,855	10,124	626,810	653,789

The useful life are as follows:

Furniture and fittings	–	3 years
Office equipment	–	3 years
Computers and software	–	3 years

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period. See Note 14 on non-current provision.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

9. RIGHT-OF-USE ASSETS

	OFFICE SPACE \$
<u>Cost:</u>	
At 1 July 2022, 30 June 2023 and 30 June 2024	3,520,471
<u>Accumulated depreciation:</u>	
At 1 July 2022	1,281,917
Depreciation for the year	400,934
At 30 June 2023	1,682,851
Depreciation for the year	400,936
At 30 June 2024	2,083,787
<u>Carrying value:</u>	
At 1 July 2022	2,238,554
At 30 June 2023	1,837,620
At 30 June 2024	1,436,684

The right-of-use assets are depreciated over 5.5 years.

10. TRADE AND OTHER RECEIVABLES

	2024 \$	2023 \$
<u>Trade receivables:</u>		
Unbilled receivables	50,650	49,100
<u>Other receivables:</u>		
Outside parties	13,064	14,175
Total trade and other receivables	63,714	63,275

These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. No loss allowance is necessary.

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period. There are no collateral held as security and other credit enhancements for the trade receivables. At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

The average credit period on trade receivables is 30 days (2023: 30 days).

Other receivables are normally with no fixed terms and therefore there is no maturity.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

11. OTHER ASSETS

	2024 \$	2023 \$
Deposits to secure services	151,168	150,468
Prepayments	39,977	34,927
	191,145	185,395

12. CASH AND CASH EQUIVALENTS

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	2024 \$	2023 \$
Not restricted in use	3,644,352	2,766,883

The rates of interest for the fixed deposit is 3.46 % (2023: 3.46 %).

12A. Reconciliation of liabilities arising from financing activities:

	2023 \$	CASH FLOWS \$	NON-CASH CHANGES \$		2024 \$
Lease liabilities	2,060,000	(515,375)	114,719	(a)	1,659,344
Total liabilities from financing activities	2,060,000	(515,375)	114,719		1,659,344

	2022 \$	CASH FLOWS \$	NON-CASH CHANGES \$		2023 \$
Lease liabilities	2,438,375	(517,306)	138,931	(a)	2,060,000
Total liabilities from financing activities	2,438,375	(517,306)	138,931		2,060,000

(a) Accretion of interest expense.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

13. CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to support its business. In order to maintain or achieve an optimal capital structure, the company needs to ensure profitability by consciously obtaining general levy and supplementary levy from financial institutions.

The company regards the accumulated surplus as its capital.

The company is not subject to any externally imposed capital requirements. The company's overall strategy remains unchanged since the last reporting year ended 30 June 2023. No changes were made in the objectives, policies or processes during the years ended 30 June 2024 and 30 June 2023.

14. PROVISION

	2024 \$	2023 \$
Provision for dismantling	165,000	165,000

The provision is based on the estimated of costs to be incurred to remove leasehold improvements from leased premises. The estimate is based on a quotation from external contractor.

Estimates for provisions:

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

15. TRADE PAYABLES

	2024 \$	2023 \$
Outside parties and accrued liabilities	605,344	640,265

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

16. OTHER NON-FINANCIAL LIABILITY

	2024 \$	2023 \$
Deferred government grant	581,758	286,515

Presented in statement of financial position as:

	2024 \$	2023 \$
Non-current	323,199	–
Current	258,559	286,515
	581,758	286,515

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Movements in other non-financial liability:

	2024 \$	2023 \$
At beginning of the year	286,515	573,030
Government grant received	775,678	–
Charged to profit or loss included under government grant income in other income and gains	(480,435)	(286,515)
At end of the year	581,758	286,515

The government grant are recognised in the profit or loss over the period to match them with the costs they are intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

17. LEASE LIABILITIES

Lease liabilities are presented in the statement of financial position as follows:

	2024 \$	2023 \$
Lease liabilities, current	426,431	400,658
Lease liabilities, non-current	1,232,913	1,659,342
Total lease liabilities	1,659,344	2,060,000

Leases for right-to-use assets - the reporting entity has a leases relating to the office space. Other information about the leasing activities relating to the right-of-use assets are summarised as follows: the leases prohibit the lessee from selling or pledging the underlying leased assets as security unless permitted by the owner; with remaining terms ranging from 2 to 5 years; there are no variable payments linked to an index; there are options to purchase the underlying leased assets outright at the end of the lease; there are options to extend the leases for further terms.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

A summary of the maturity analysis of lease liabilities is disclosed in Note 18E. Total cash outflows from leases are shown in the statement of cash flows. The related right-of-use-assets are disclosed in Note 9.

The weighted average incremental borrowing rate applied to lease liabilities recognised is 6.25% (2023: 6.25%) per year.

18. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION

18A. Categories of financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	2024 \$	2023 \$
<u>Financial assets:</u>		
Financial assets at amortised cost	3,859,234	2,980,626
At end of year	3,859,234	2,980,626
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	2,264,688	2,700,265
At end of year	2,264,688	2,700,265

Further quantitative disclosures are included throughout these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

18. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONT'D)

18B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising currency risk. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices. There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

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18C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the material financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. The disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

18D. Credit risk on financial assets

Financial assets subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner arise principally from cash balances with banks, receivables and other financial assets. The general approach in the financial reporting standard on financial instruments is applied to measure expected credit losses (ECL) allowance on financial assets the ECL allowance. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL unless the assets are considered credit impaired. The ECL allowance for debt assets is recognised at an amount equal to the lifetime ECL if the credit risk on that financial instrument has increased significantly since initial recognition. However, for trade receivables that do not contain a material financing component or when the reporting entity applies the practical expedient of not adjusting the effect of a material financing component, the simplified approach in calculating ECL is applied. Under the simplified approach, the loss allowance is recognised at an amount equal to lifetime ECL at each reporting date using historical loss rates for the respective risk categories and incorporating forward-looking estimates. Lifetime ECL may be estimated individually or collectively. For the credit risk on the financial assets an ongoing credit evaluation is performed on the financial condition of the debtors and any loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 12 discloses the cash balances. There were no identified impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

30 June 2024

18. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS AND OTHER EXPLANATORY INFORMATION (CONT'D)

18E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual undiscounted cash flows):

	LESS THAN 1 YEAR \$	1 – 5 YEARS \$	TOTAL \$
Non-derivative financial liabilities:			
<u>2024:</u>			
Gross lease liabilities	515,376	1,331,388	1,846,764
Trade payables	605,344	–	605,344
At end of the year	1,120,720	1,331,388	2,452,108
	LESS THAN 1 YEAR \$	1 – 5 YEARS \$	TOTAL \$
Non-derivative financial liabilities:			
<u>2023:</u>			
Gross financial liabilities	515,376	1,846,764	2,362,140
Trade payables	640,265	–	640,265
At end of the year	1,155,641	1,846,764	3,002,405

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2023: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

18F. Interest rate risk

Interest rate risk arises on interest-bearing financial instruments. The following table analyses the breakdown of the material financial instruments by type of interest rate:

	2024 \$	2023 \$
Financial assets with interest:		
Fixed rates	1,000,000	1,000,000
Total at end of the year	1,000,000	1,000,000
Financial liabilities with interest:		
Fixed rates	1,659,344	2,060,000
Total at end of the year	1,659,344	2,060,000

The interest rate is disclosed at the respective notes.

Sensitivity analysis: The effect on pre-tax loss is not material.

NOTES TO THE FINANCIAL STATEMENTS

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19. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the current reporting year, the ASC issued amendment to FRS 1 and Practice Statement 2 on disclosures of material accounting policy and other explanatory information. Immaterial information need not be disclosed. Disclosures should not obscure material accounting policy information (such as material information being obscured, or information regarding a material item, transaction or other event is scattered throughout the financial statements, etc). In addition, the ASC issued certain new or revised financial reporting standards. None had material impact on the reporting entity.

20. NEW OR AMENDED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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For the future reporting years, the ASC issued certain new or revised financial reporting standards. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any material modification of the measurement methods or the presentation in the financial statements for the following reporting year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application. Those applicable to the reporting entity for future reporting years are listed below.

FRS NO.	TITLE	EFFECTIVE DATE FOR PERIODS BEGINNING ON OR AFTER
FRS 1	Presentation of Financial Statements- amendment relating to Classification of Liabilities as Current or Non-current	1 January 2024



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