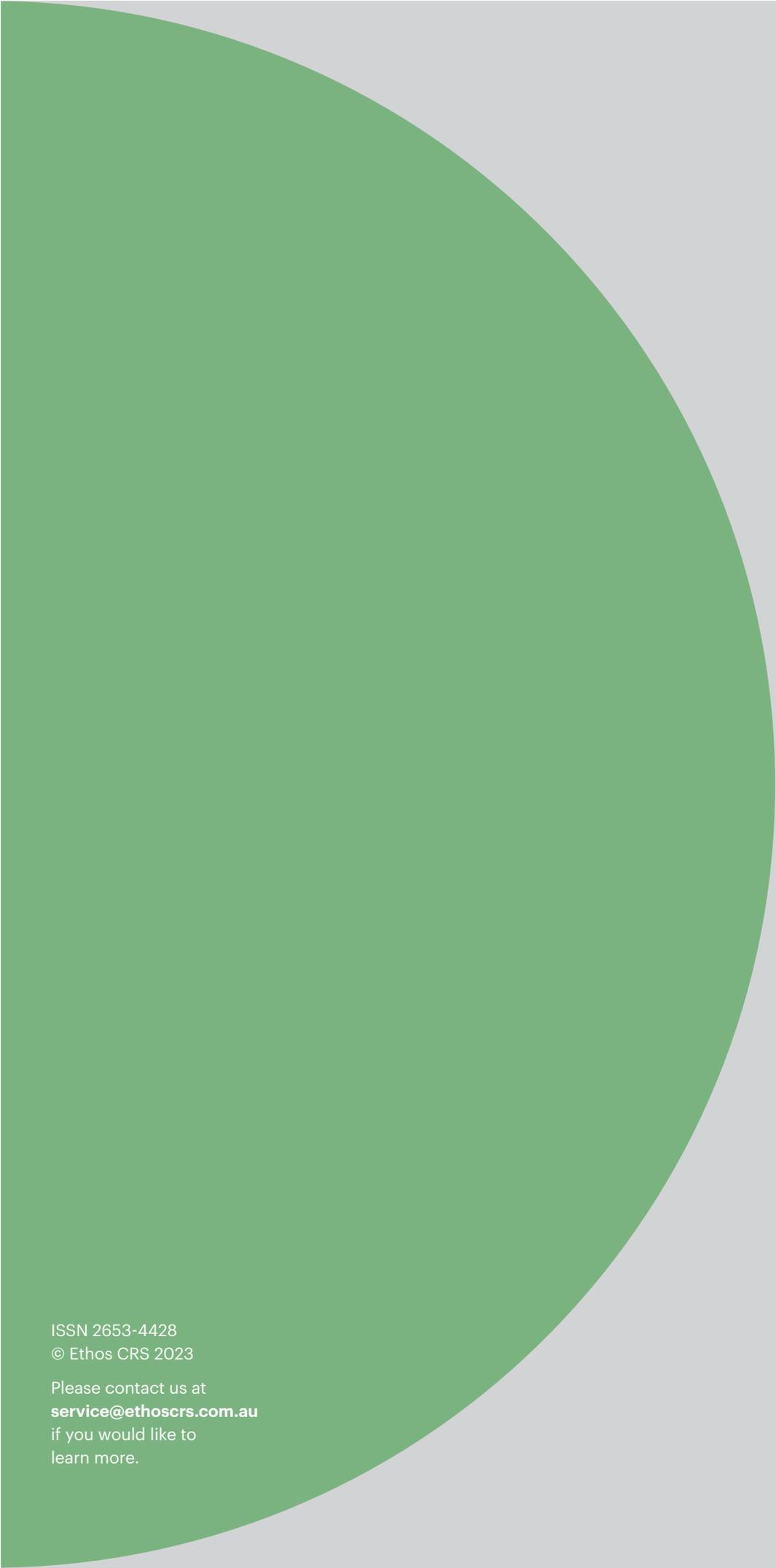


An Ethos CRS
and VisibleThread
readability report

The 2023 readability scorecard: Australian banking industry

ethos^η crs

Research report 4



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Our aim in
***The 2023 readability
scorecard: Australian
banking industry***

is to compare the readability
of documents produced by
the largest banking
companies in Australia.

EXECUTIVE SUMMARY

In this report, Ethos CRS analyses the readability of documents produced by the largest banks in Australia.

Our starting points:

- » Customers should be able to easily read what their bank puts in writing.
- » Clarity helps customers make informed financial decisions.

In total, we analysed the readability of 66 documents from 11 banks (PDFs published by banks on their websites). Using the online readability application VT Writer, we measured the Flesch Reading-Ease score and the percentage of sentences written in the active voice. VT Writer derives the Flesch Reading-Ease score from sentence length and word complexity. We used these metrics to generate the Ethos CRS readability score. Documents that met benchmarks for each attribute generated a readability score of 100.

Not one document came close to reaching a benchmark score of 100. The average readability score for the 11 banks was 53.9.



Not one document came close to reaching a benchmark score of 100. The average readability score for the 11 banks was 53.9.

We awarded the gold medal for the most readable suite of documents to Commonwealth Bank. Their documents generated an average readability score of 57.

We awarded the silver medal to Macquarie Bank. Their documents generated an average score of 55.9.

The bronze medal goes to Bankwest with an overall score of 55.3.

These findings suggest that banks still have some work to do if they are to engage clearly and effectively with their customers. Ethos CRS recommends that banks:

- » codify the principles of plain language
- » set universal readability standards.

Ethos CRS can't determine if these publicly available documents are representative of internal documents such as standard procedures and policies. It is conceivable, however, that large organisational gains can be generated when internal documents are clear, readable and aligned to purpose.

INTRODUCTION

In The 2023 readability scorecard: Australian banking industry, Ethos CRS examines the readability of documents and content produced by Australia's largest banks.

The banking industry has 19.5 million customers in Australia. Choosing the right company to manage personal finances, a mortgage or a loan is important. In addition to traditional deposit-taking and lending, banks are involved in business banking, insurance and funds management.

Effective communication is crucial for banks when interacting with customers. To make informed decisions, customers must be able to understand bank documents and policies.

All banks face the challenge of delivering complex information to a diverse range of customers. Levels of financial literacy vary widely.

Producing readable content is an important first step. In this scorecard, we:

- » detail findings from our analysis
- » discuss issues that arise from our findings
- » make recommendations to address the communication challenge
- » explain our research method.



Setting up the benchmarks

We set benchmarks for different readability metrics to derive the Ethos CRS readability score for each document and an average score for each bank. Ideal scores reflect:

- » sentences written in the active voice – 95% or higher
- » shorter words with fewer syllables
- » an average sentence length of 15 to 25 words as recommended in the Australian Government Style Manual
- » a reading grade level of 7 or lower as recommended in the Australian Government Style Manual.

We used these metrics to determine and rank scores against our overall benchmark of 100. A score of 100 meets our benchmark for clear, effective writing.

Effective communication is crucial for banks when interacting with customers.



BANK



FINDINGS



Ethos CRS readability score

The Ethos CRS readability score is a quantifiable measure of the clarity and quality of documents.

A readability score of 100 reflects writing that is easy to read. To achieve this benchmark is to communicate using plain language anyone can understand. Comprehension is compromised when sentences are too long; content is too wordy; or words are overly complicated.

Table 1: Banks ranked for overall readability

Company	Ethos CRS readability score	Rank
Commonwealth Bank	57.0	1
Macquarie Bank	55.9	2
Bankwest	55.3	3
NAB	54.6	4
AMP	54.1	5
ANZ	54.0	6
Bendigo Bank	53.7	7
BOQ	53.0	8
Suncorp Bank	52.4	9
Adelaide Bank	51.6	10
Westpac	51.5	11

Table 1 shows all 11 banks examined in this survey, ranked according to the readability of their documents.

- » Commonwealth Bank had the highest average readability score in this survey, at 57.
- » Macquarie Bank was second, with a readability score of 55.9.
- » Bankwest had the next-best overall readability score of 55.3.

The average readability score for the 11 banks was 53.9. This tells us that, on average, content did not meet established benchmarks for use of the active voice, sentence length and word complexity.

Active voice

On average, in the documents we examined, 69% of sentences were written in the active voice. This result falls below our benchmark of 95%.

Active sentences make text clearer and improve readability. The higher the percentage of sentences written in the active voice, the better the readability score.

Figure 1 shows the distribution of banks using the active voice metric.

Figure 2 shows which banks had the highest scores for use of active voice in their documents.

The document with the highest percentage of active voice sentences was a home loan terms and conditions document from ANZ. The active voice score was 92.2%.

The document with the lowest percentage of active voice was a transaction account terms and conditions booklet from Bendigo Bank that scored 45.7%.

Figure 1: Readability and active voice

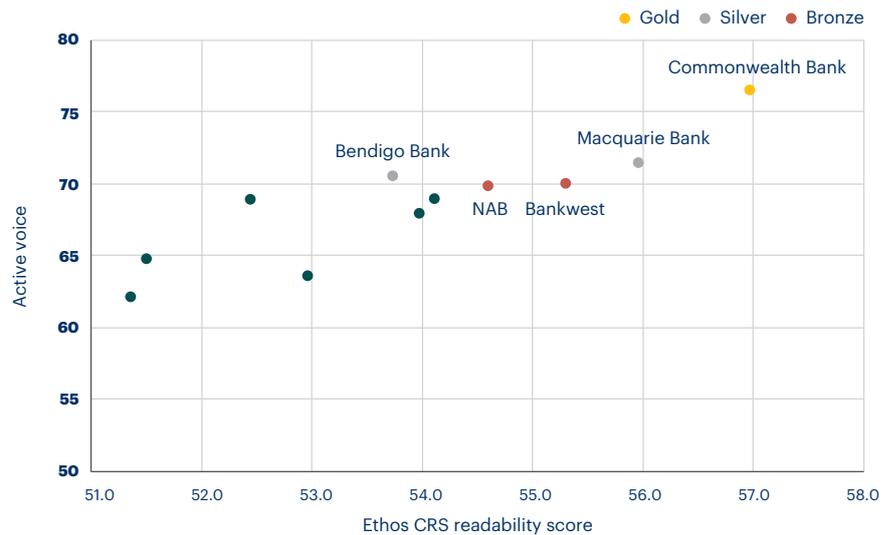
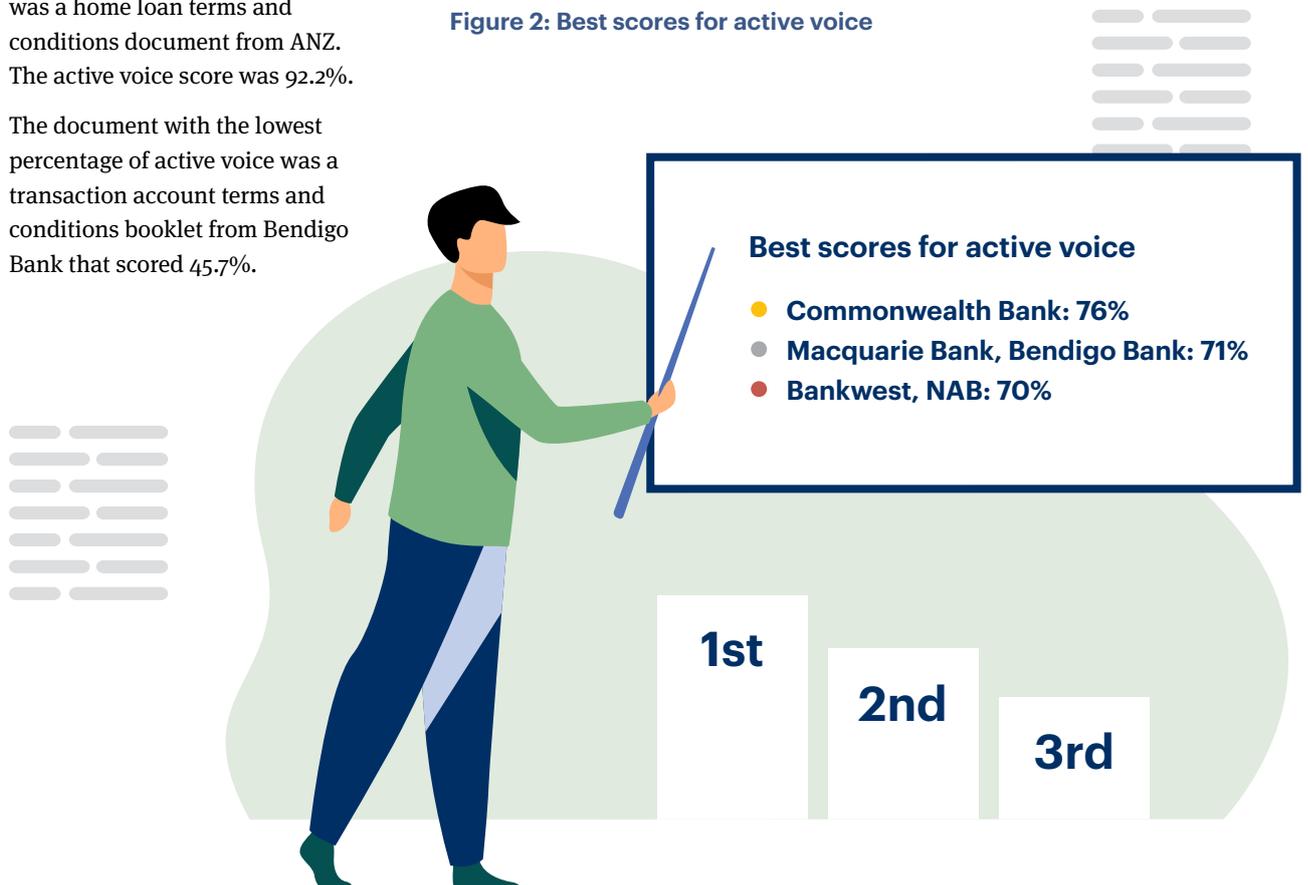


Figure 2: Best scores for active voice



Flesch Reading-Ease score

The Flesch Reading-Ease score gives a score from 1 to 100, with higher scores meaning text is easier to read. The Flesch Reading-Ease score uses sentence length and word complexity, measured by average syllables per word, to produce a final score.

For all 11 banks, the average score for Flesch Reading-Ease was 46.5.

Sentence length

Average sentence length was about 22 words per sentence across all 66 documents. This falls in the recommended range of 15 to 25 words.

Shorter sentences help make text more readable. Readability improves by keeping average sentence length to the recommended range.

Figure 3 shows the distribution of banks using the average sentence length metric.

Figure 4 shows which banks had the best scores for average sentence length in their documents.

There were 5 documents tied for the lowest average sentence length. These documents were from ANZ, Bankwest, Bank of Queensland (BOQ), Suncorp Bank and Westpac. They had an average of 18 words per sentence, which falls in the benchmark range.

The document with the highest average sentence length was a personal loan terms and conditions document from ANZ. Sentences had an average of 35 words, considerably above our recommended range.

Figure 3: Readability and sentence length

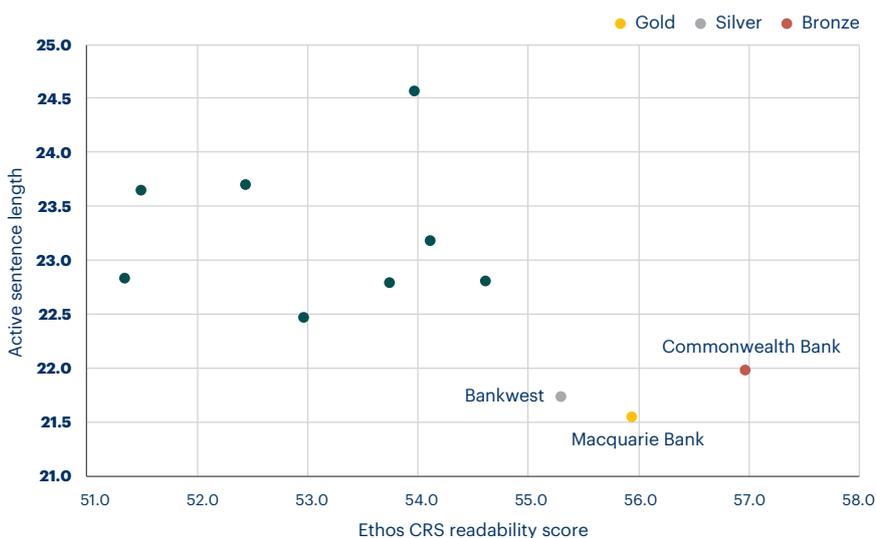
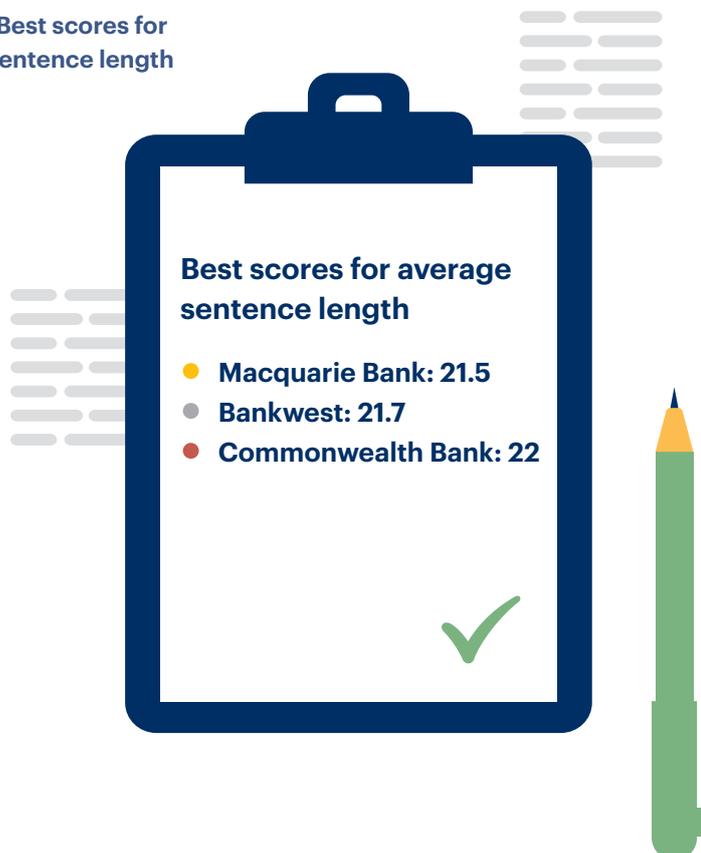


Figure 4: Best scores for average sentence length



Word complexity

VT Writer measures word complexity using average syllables per word. Across all 66 documents, words had an average of 1.63 syllables.

Shorter or simpler words help make text more readable.

Figure 5 shows the distribution of banks using the word complexity metric.

Figure 6 shows which banks had the best scores for word complexity in their documents.

Figure 5: Readability and word complexity

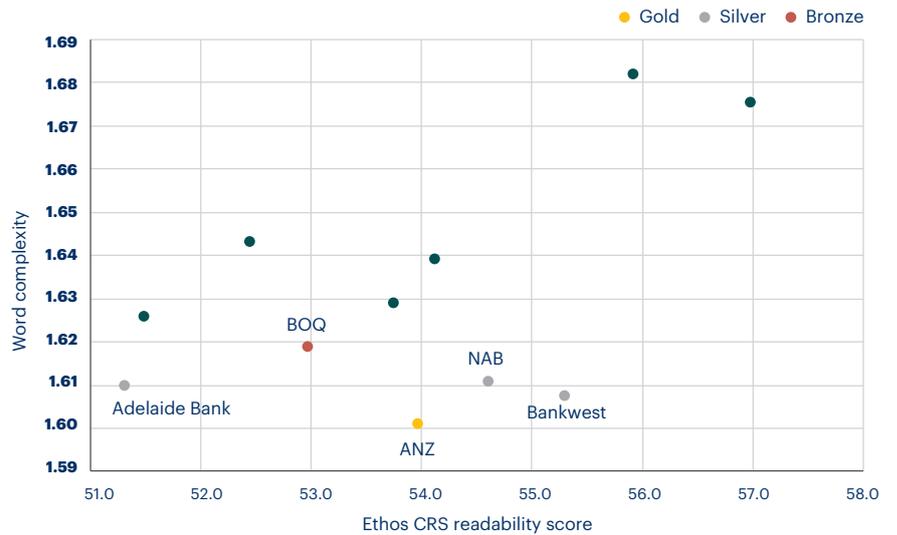


Figure 6: Best scores for word complexity



Grade level

Ethos CRS does not factor grade level into our readability score. However, it is another metric helpful for understanding the readability of text. The Australian Government Style Manual recommends writing to a reading grade level of 7 or lower.

For all 66 documents, the average score for grade level was 12.4.

Figure 7 shows the distribution of banks against metrics of readability and the average grade level.

Figure 8 shows which banks had the lowest average grade level for their documents.

The document with the lowest grade level was a home loan terms and conditions document from ANZ. Its grade level score was 9.6, which means the document may be easy to read for members who have completed year 10 at school.

The document with the highest grade level score was a privacy policy from Commonwealth Bank. Its grade level score was 19.6. This document may be clear to customers with a post-graduate tertiary education, but would not be easy to read for most people.

Figure 7: Readability and grade level

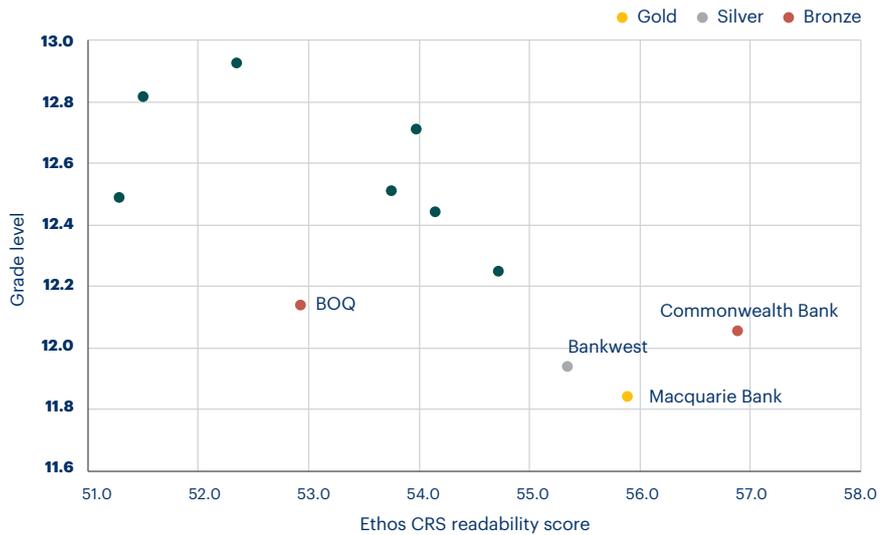


Figure 8: Best scores for average grade level



DISCUSSION



Performance against readability benchmarks

Active voice

Active voice is easier to understand because the sentence structure supports clear meaning. The sentence structure makes it clear who is responsible for the action.

Active voice formed the basis of 68.7% of sentences across all 66 documents. Most documents in our analysis fell well below the benchmark of 95%.

Banks could improve readability by using more active voice in their writing. Using active voice may also make it clearer to customers what their responsibilities are, and what obligations banks owe to them.

Sentence length

Shorter sentences with one main idea are easier to read, while longer sentences cause confusion.

The Australian Government Style Manual recommends writing sentences that have an average of 15 words, but not more than 25 words.

Average sentence length was about 22 words in our analysis of the 66 documents, which falls in the recommended range.

Overall banks are achieving the benchmark for average sentence length. This average combines with other metrics to improve the overall readability score.

Word complexity

Short and simple words as a substitute for overly complex, verbose language can improve comprehension and readability. Banking documents must use legal terminology in some instances but shorter words with fewer syllables can help readers who are not legally trained.

Banks using plain language in their documents will improve their overall readability score.

Grade level

Ethos CRS generally recommends writing for a grade level 7 reading ability or below. The Australian Government Style Manual reflects this standard in its advice on readability, based on the Web Content Accessibility Guidelines.

The 11 banks surveyed averaged a grade level of 12.4 across the 66 documents we analysed.

The grade level finding tells us banks can improve their communications with their customers. Banks can communicate more clearly if they write to a lower secondary education level.

Banks using plain language in their documents will improve their overall readability score.



The communication challenge

In Australia, not all adults are proficient readers or are financially literate. This creates a communication challenge for the banking industry.

Financial choices need to be well informed, yet only 1 in 2 adult Australians are financially literate. More generally, fewer than 1 in 5 Australian adults have advanced reading or numeracy skills.

Therefore, the banking industry faces a challenge. So do vulnerable customers who may experience systemic barriers that undermine their ability to make informed decisions about their financial future.

Most Australians are not legally trained or expert financial analysts. One simple step for banks to overcome the communication challenge is to produce clearer, more readable content.



Improving readability: a practical and necessary step

Two benefits flow from improving readability. The first is that customers benefit.

Customers will gravitate to content that is easy to read. When customers can engage with content because it is clear, their confidence increases.

But customers will turn away from content that is frustrating to use or alienating. Content that is difficult to read, uses too much jargon and is complex can deter customers from accessing the financial information they need.

The second benefit of improved readability is enjoyed by banks themselves. It comes from increased productivity, efficiency and effectiveness.

Readable documents imply a skilled workforce and a clear writing culture. By producing clear internal documents – like standard operating procedures, corporate policies, business cases, board papers and project plans – banks can improve the flow of information. This kind of efficiency also minimises the risks of delay and unethical behaviour: it enhances compliance and reduces duplication and repetition of effort.

When internal efficiency improves, so does productivity. A simple focus on readability serves the commercial imperative that internal communications are clear, coherent and compelling.



Financial choices need to be well informed, yet only 1 in 2 adult Australians are financially literate.

RENEWED FOCUS ON PLAIN LANGUAGE

Australian Banking Association

In 2021, the Australian Banking Association (ABA) completed its review of the Code of Practice, which sets the standards for banks' dealings with customers. The review focused on improving protections for vulnerable customers, enhancing transparency, and strengthening the code enforcement mechanisms.

The updated code also includes a commitment to using plain English in all customer communications. This is part of the ABA's broader efforts to improve transparency and accessibility in the banking industry.

The ABA's focus on plain language principles is a promising step. However, the Code of Practice does not outline specific metrics for achieving clarity and readability. The ABA also does not compel or require banks to consider plain language.

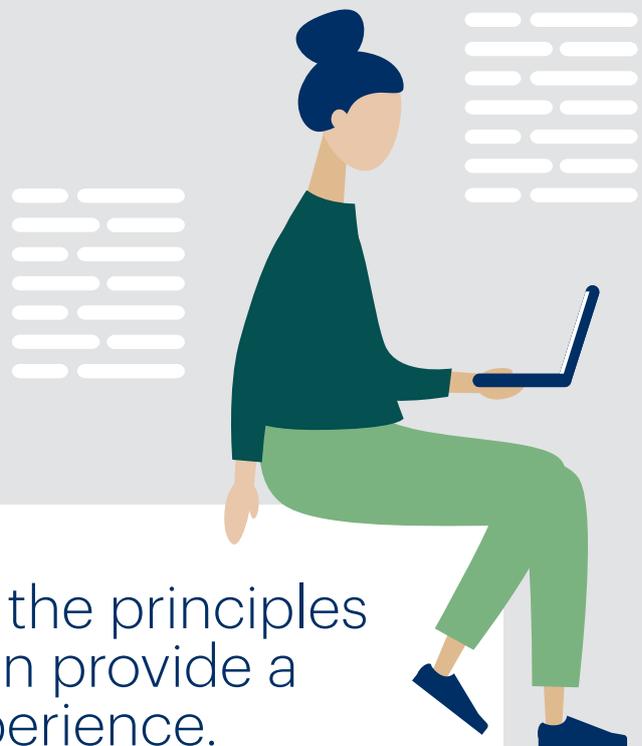
New Zealand

New Zealand's *Plain Language Act 2022* requires government agencies to use language that is clear, concise, and easy to understand by the public.

The Plain Language Act set clear guidelines for government agencies to follow when communicating with the public. These guidelines include using simple words and avoiding complex jargon, using short sentences and paragraphs, and using active voice instead of passive voice.

The guidelines also signal to private industries that interact with government that plain language must be a priority.

Banks in Australia should embrace a similar focus on clear communication and set enforceable standards for plain language. Australian banks are not bound by legislation to communicate in plain language but companies are able to set an example. Banks that embrace the principles of plain language can provide a better customer experience.



Banks that embrace the principles of plain language can provide a better customer experience.

RECOMMENDATIONS

One

Codify the principles of plain language

Banking industry peak bodies and companies should codify a plain language standard and urge its uptake by banks.

Two

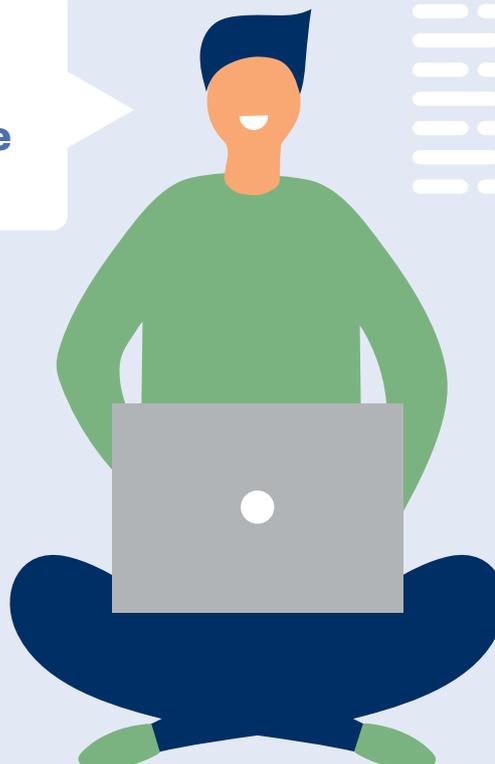
Set universal readability standards

Banks should adopt specific, measurable, achievable and realistic standards to improve the readability of all content they produce and publish.

Specifically, banks should introduce a grade level standard. Improving the grade level of bank documents can improve their overall readability.

Our report shows banks on average are meeting benchmarks for sentence length and word complexity. Setting and writing to a defined grade level will bring bank documents even closer to achieving our benchmarks for readability.

A grade level target can really improve readability.



METHOD

Selection of documents

We selected banks based on market share in the Australian market. From the 20 banks with the largest market share, we excluded those that had not published documents from at least 6 of the following categories:

- » business finance terms and conditions
- » Consumer Data Right policy
- » credit or debit card terms and conditions
- » electronic banking terms and conditions
- » mortgage lending terms and conditions
- » personal loan terms and conditions
- » privacy policy
- » savings and transaction account terms and conditions.

Our criteria resulted in selecting 66 documents produced by 11 banks.

When selecting the documents for each bank, we downloaded PDF files from bank websites.

Scrubbing

We converted PDF documents into text-readable files for consistency. In this process, we removed all kinds of formatting, numerals, graphics, footnotes, indexes and tables to ensure that VT Writer only analysed plain text.

We followed the simple definition of a sentence, as written in the *Australian Concise Oxford Dictionary*. We removed or deleted any text that did not meet this definition.



CAVEATS

The metrics used in the readability scorecard are a useful way to analyse and compare the quality of written communication, but they are a partial and incomplete guide.

The benchmarks only measure some of the factors that make up clear writing. The scores measure what is easily quantified by VT Writer: sentence length, word length and active voice. The benchmarks don't factor in other elements that affect readability, such as:

- » logical flow and coherence of text
- » complexity of ideas
- » structure
- » structural formatting elements such as line spacing, use of headings, images and other visual aids
- » the varying ways people read digital and print content.

Ethos CRS understands that the scorecard is not a statistical study and the results do not perfectly represent the characteristics of all sampled documents.



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SCORES FOR ALL 11 BANKS

Company	Ethos CRS readability score	Grade level	Average sentence length	Active voice (%)	Word complexity
Adelaide Bank	51.4	12.6	23.2	62	1.61
AMP	54.1	12.4	23.2	69	1.64
ANZ	54.0	12.7	24.6	68	1.60
Bankwest	55.3	11.9	21.7	70	1.61
Bendigo Bank	53.7	12.5	22.8	71	1.63
BOQ	53.0	12.1	22.5	64	1.62
Commonwealth Bank	57.0	12.1	22.0	76	1.68
Macquarie Bank	55.9	11.8	21.5	71	1.68
NAB	54.6	12.3	22.8	70	1.61
Suncorp Bank	52.4	12.9	23.7	69	1.64
Westpac	51.5	12.8	23.6	65	1.63

ABOUT US

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Clear writing.
Effective teams.
Coherent policy.

Ethos CRS is Australia's leading firm for advice on clear writing and plain English for government and business.

Ethos CRS specialises in designing, developing and delivering training and professional development programs. These include virtual and face-to-face workshops, targeted coaching sessions and accessible eLearning modules.

Over 17 years, Ethos CRS has developed and delivered over 5,000 training programs to more than 90 public sector agencies.

In 2020 the new Australian Government Style Manual was released. In partnership with the Digital Transformation Agency, our expert team of writers and editors rewrote Style Manual for the digital age. Like its predecessors over the past 50 years, Style Manual is the definitive guide on Australian writing style.

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VisibleThread is a cutting-edge language analysis platform. By using VisibleThread, government departments and agencies, and private sector corporations, set themselves up to efficiently produce consistent and clear content.

Unclear content undermines the message that organisations are seeking to communicate.

Readers become frustrated because they waste time clarifying points that should be clear in the first place. The risk then is that they lose interest and trust and that they disengage altogether.

VisibleThread's platform is being used by government agencies such as the Australian Taxation Office; the Civil Aviation Safety Authority, the Fair Work Ombudsman; Services Australia; the departments of Education, Skills and Employment; Health; Home Affairs; Industry, Science, Energy and Resources; the Department of the Prime Minister and Cabinet; and the NSW Department of Communities and Justice.

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- » Editors instantly flag jargon and corporate-speak.
- » Managers analyse both offline and online content, letters, disclosure statements, directives and blog copy.
- » Subject-matter experts communicate their technical knowledge in easy-to-understand language.
- » Managers have visibility of teams' and individuals' performance, permitting continuous improvement in business writing across an agency.

To find out more, contact:

Brian O'Doherty
Regional Director

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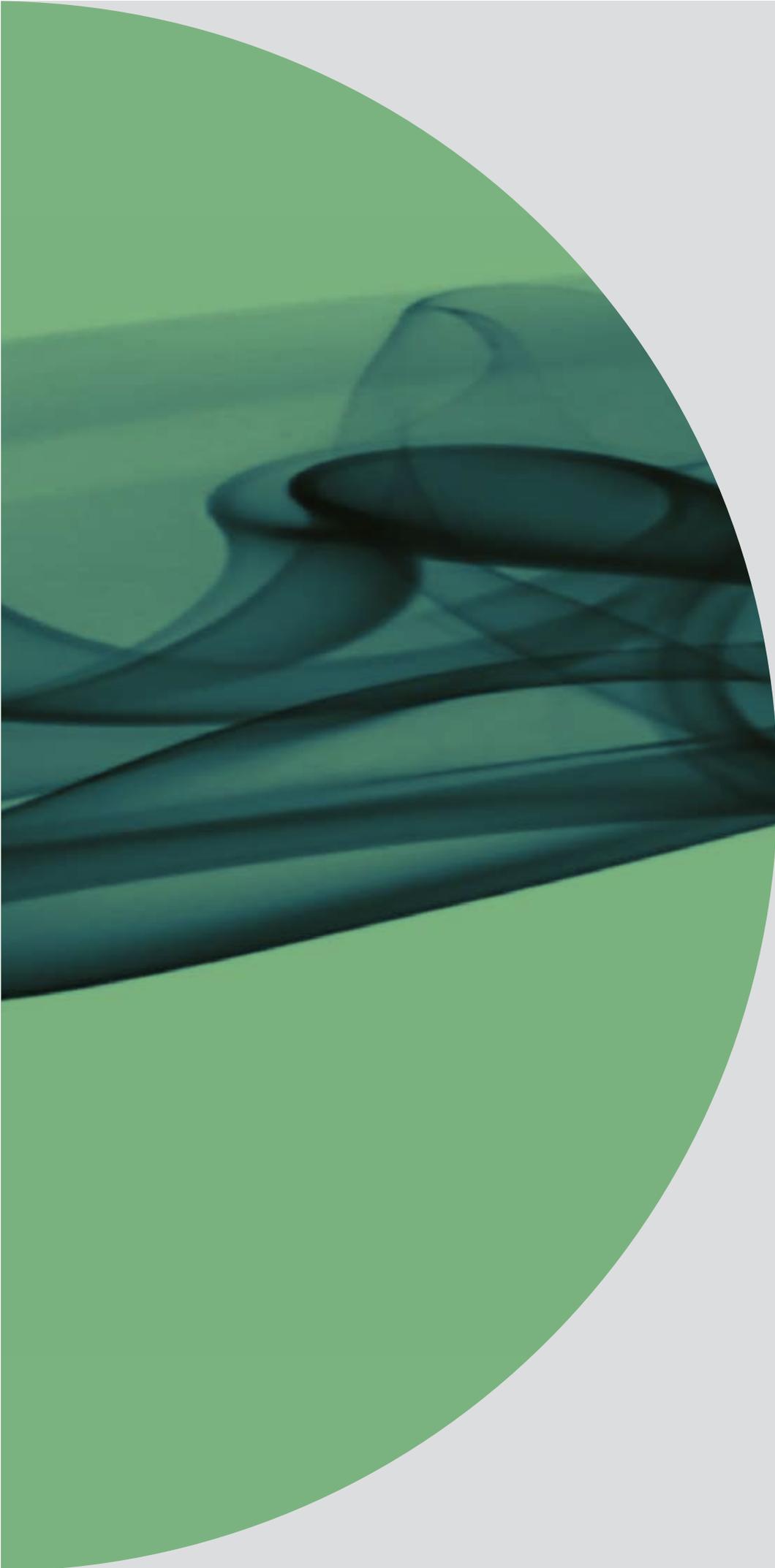
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The background is a vibrant green with a complex, layered, and flowing pattern. The pattern consists of overlapping, curved, and somewhat translucent shapes that create a sense of depth and movement, resembling a stylized, abstract landscape or a series of overlapping planes. The colors range from a bright, light green at the top and bottom to a darker, more saturated green in the middle sections.

Improving readability
makes organisations more
effective and saves them
time and resources.



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