

8 May 2018

Rose Wilkinson
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Dear Rose

Consultation on the new Code of Banking Practice

Thank you for your email of 26 July 2017 including Blind Citizens NZ submission on our review of the Code of Banking Practice.

We were delighted with the valuable feedback we received through the consultation process. The high quality of written submissions and other feedback we received has resulted in a new edition of the Code of Banking Practice that will much better communicate to customers what they can expect from their bank.

A principles-based approach

In the revised Code banks promise to:

- treat their customers fairly and reasonably
- communicate with customers clearly and effectively
- respect customers' privacy and confidentiality and keep their own banking systems secure
- act responsibly if they offer or provide customers with credit
- deal effectively with customer concerns and complaints.

This high level principles-based approach makes the Code more accessible to bank customers and avoids duplicating customer contracts. It will also provide the Banking Ombudsman with more flexibility in determining what good banking practice is. Further, it will keep the Code up to date with changes to the way we're banking and new obligations for banks under consumer law and regulations.

While the new Code looks quite different from the current Code, there is no change to existing consumer protections. The five principles in the new Code reflect the banking industry's current customer commitments. In adopting these principles, our member banks will have to think carefully about how their conduct meets the commitments in the Code.

Publishing the new Code

We are currently finalising arrangements to publish the Code and our member banks are ensuring their internal policies and processes, including staff training, are aligned with the revised Code.

We have attained the WriteMark plain language standard to help ensure the new Code is clear and easily read.

We expect to publish the new Code on 1 June. We will publish submissions, and our response to those submissions, when we publish the Code.

The Code will be available in booklet form in bank branches and on bank websites. It will also be available on our website in text format that's suitable for screen readers, and in a PDF format that can be downloaded and printed.

Changes to the draft Code

One of the main issues to come through in the submissions we received was the need to explicitly include a reference to the ongoing commitment to reimburse customers for card and internet banking fraud losses. We have made that change.

To aid comprehension, we have also included more descriptive sub-headings, particularly in the introduction and in the final section on dealing with complaints.

Please find attached the final text of the Code, for your reference.

Our response to your submission

We are pleased that you broadly agreed with the approach to the new Code.

In response to your key points:

We have accepted your point on banks "observing" good banking practice as a minimum standard and have amended that to "We agree to follow good banking practices as a minimum standard in our relationship with you."

We have accepted your point that the Voluntary Guidelines to Assist Banks to Meet the Needs of Older and Disabled Customers be formally referenced in the Code and be mandatory. The revised Code now states that banks will follow the Guidelines. Under the fair and reasonable treatment principle we now say:

"We'll do our best to meet the needs of all our customers.

"We'll also follow the New Zealand Bankers' Association guidelines, available at nzba.org.nz, to help us meet the needs of older and disabled customers."

Other issues relating to the Guidelines will be addressed in a separate review. We intend to commence that review this year in consultation with the Code of Banking Practice (Older and Disabled People) Focus Group.

In your point about the availability of the Code in alternate formats, we have stated the Code is available in bank branches and on bank websites, and also on the NZBA website. NZBA's website version will be suitable for screen readers, and we have encouraged banks to do the same. Banks take into account accessibility standards when updating their websites.

In making the Code available we are also keen to ensure all customers can understand the Code. We have obtained the plain language WriteMark for the revised Code. This involved assessing it for clarity, grammar, and presentation, to help ensure it's as readable as possible.

You have proposed a further principle to recognise international and domestic conventions, such as the United Nations Convention on the Rights of Persons with Disabilities. In our view, such conventions apply to the government, which then reflects these commitments in New Zealand law. Banks, in turn, fully comply with the law.

You have also suggested the Code refer to banks' compliance with specific legislation including the Building Code. Banks comply with all their legal obligations and more. In addition to that, our members have now agreed to follow the Voluntary Guidelines to Assist Banks to Meet the Needs of Older and Disabled Customers.

You have asked us to clarify the statement "What may be fair and reasonable in any case will depend on the circumstances, including our conduct and yours, what our terms and conditions say, what the law says, and good banking practice." This principle allows the Banking Ombudsman the flexibility to determine what is fair and reasonable on the facts of the case. It's appropriate that the Banking Ombudsman take into account the bank's and the customer's conduct, the relevant terms and conditions, what the law says, and good banking practice.

Conclusion

We warmly appreciate your contribution to the new Code of Banking Practice. We're pleased with the result because it more clearly communicates what customers can expect from their bank. We hope the revised Code will build on our industry's reputation and support better banking in New Zealand.

Yours sincerely

Karen Scott-Howman
Chief Executive