

8 May 2018

Cindy Johns  
National Manager  
People First New Zealand  
PO Box 9199  
Wellington

Dear Cindy

### **Consultation on the new Code of Banking Practice**

Thank you for your email of 31 July 2017 including People First NZ's 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 that the Voluntary Guidelines to Assist Banks to Meet the Needs of Older and Disabled Customers be formally included 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](http://nzba.org.nz), to help us meet the needs of older and disabled customers."

We have also accepted your point that the Voluntary Guidelines be reviewed. We intend to commence that review this year in consultation with the Code of Banking Practice (Older and Disabled People) Focus Group.

You have recommended that the Code be made available in an Easy Read version to make it as accessible as possible to people with learning disability. We are keen to ensure all customers can access and 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 that the Banking Ombudsman's staff be able to address complaints from people with learning disability. This is a matter for the Banking Ombudsman to address.

## **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**