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**PATRON: David Russell**

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Hon Sir Ian Barker QC  
Assessor  
Code of Banking Practice Review  
PO Box 268  
WELLINGTON

### **Submission on Revised Code of Banking Practice – Draft**

I apologise for the lateness of this submission but hope my comments can still be of help to the process.

I have read and wish to fully support the submission forwarded by the Ministry of Consumer Affairs. They have covered many specific issues in detail in a way that our voluntary organisation does not have the resources to do. I would like to offer some general comments with examples to illustrate.

Our organisation is the national collective of 136 budget services New Zealand wide offering budget advice and education. We deal with 40,000 families a year on an ongoing in-depth basis, answer 230,000 one-off queries as well as offering community education in budgeting. In all cases when helping clients develop budgets this involves discussion on clients' banking systems and their relationship with their bank. We therefore have wide knowledge and experience of clients' needs in relation to banking relationships.

In general we feel that the Code is cumbersome and may prove difficult for the average consumer to follow. We feel there is much duplication and could lend itself to a briefer, more clear structure to improve and encourage readers' understanding. The tone of the Code is also a concern as it appears to give the impression that all responsibility lies with the consumer which will immediately produce a negative reaction from consumers. An example of this is: the heading to Section 3 reads 'Summary of your (the consumer's) Responsibilities and Liabilities'. Nowhere does a heading of 'The Bank's Responsibilities and Liabilities' appear. I understand that they may be contained in the content but it is not immediately evident to the reader.

We also get the impression that some unrealistic expectations are placed on consumers such as Section 3.5.1 where once the consumer has informed the bank of a change of address they then must make sure the bank acts on that information. We feel that the responsibility to act should lie with the bank once the client has informed them.

Another concern identified is in relation to the change in banking practice in the last ten years and the impact this may have on some parts of this Code. The instances of people going into a branch have reduced markedly because of the move in fee structures to encourage electronic and telephone transactions and the closure of bank branches in many small towns. In Section 4.1 and in other places it is suggested that information on charges etc may be displayed in branches. We would like to suggest that this should only be done in conjunction with other methods to ensure everyone has access to information.

Our last observation is that the Code could do more to cover the putting right issues which would give a much more positive feel to its purpose.

I do not intend to diminish the good work achieved in this draft and am very supportive of the need for the Code to be reviewed regularly and acknowledge all the effort put into making sure that it is a comprehensive document with all banking issues covered.

I would support the benefit of wider consultation, possibly utilising a working group, in reviewing this current draft to make it a more user-friendly and positive tool. I would be very willing to provide expertise to help in the consultation process and am happy to attend meetings to discuss improvements.

Sincerely

Raewyn Nielsen  
Executive Officer