



**National Council of  
Women of New Zealand**

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Wahine O Aotearoa

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S02.08

**Submission to the NZ Bankers Association on the  
Code of Banking Practice**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 43 nationally organised societies. It has 35 branches spread throughout the country to which women from some 150 societies are affiliated. Its purpose is to work for the well being of women, families and society through research, discussion and action.

Members of the Consumer Affairs Standing Committee of NCWNZ have considered the proposed Code of Banking Practice, and raise some general issues on the proposals. We have also read the draft of the submission prepared by the Ministry of Consumer Affairs, and fully support the comments which they make. We regret we were unable to be represented at the meeting arranged by the Ministry to discuss the matter.

Our major concerns are about the effects on consumers of decisions made by banks, and over which consumers have absolutely no control and little opportunity for negotiation or redress where they are adversely affected.

We note in particular the following matters.

**II Information**

**1. Para 2.2 – to achieve the objectives of the Code**

Sub-section (b) states “If you do not understand the changes you should ask us to clarify them”. Very often a person does not realise they do not understand. It seems perfectly clear when first read, but frequently, at a later stage if there is an argument with the provider, the consumer realises that the writer meant something quite different to that which the reader understood. And this is always to the consumer’s detriment. A further difficulty is that very often staff in banks do not fully understand matters either, and the advice given can further mislead the consumer.

**2. Para 2.4 – what is “fair” in any particular circumstance.**

This section includes the statements “whether both of us have complied with this Code of Banking Practice,” and “Your responsibilities set out in other laws in the Appendix of this Code”. We wonder whether all consumers will be supplied with a copy of the Code, so they can be sure of being able to comply with these requirements, or whether a simplified version, well checked to ensure it is fully consistent with the actual Code will be supplied. Consumers cannot be expected to comply if they do not know the conditions to which they are agreeing. Our members report that they have rarely seen copies of the current Code available in banks.





### III Communication

**3. Para 4.1** sets out how banks will communicate with the consumer, including advice of changes, by one of three ways – direct communication, displaying information at customer contact sites (eg branches or websites), or by statements in the media, including public notices. We are particularly concerned with this provision, which we consider to be quite inadequate and unreasonable, and strongly recommend that such advice must be required to be made by direct communication. Neither of the other options are appropriate, and are likely to mean people remain unaware of changes.

In recent years banks have actively discouraged their customers from attending branches, both by greatly increased charges for teller services and by closing branches, so that it is very difficult for a number of consumers to reach a branch. While the use of the internet is increasing, there is still about half the population that does not have easy access to it, and even where it is available, many people do not necessarily access their bank site frequently. We have assumed that statements in the media refer to newspapers, but we caution that there is an increasing proportion of the population that do not purchase newspapers, and of them, we suggest, it is only a very small group who regularly read the public notices.

So we reiterate that advice must be given by direct communication. Statements are sent regularly to customers, and we can see no reason why information of changes cannot be sent with statements. At the very least, information could be printed on the statement, stating that there have been changes in conditions, charges, etc, and that the customer should contact their branch for detailed information.

### Conclusion

Consumers welcomed the development of the Code of Banking Practice, and had hoped that the new edition would help redress the balance of power between banks and customers. We regret that this is not the case.

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**National President**

Eileen Imlach  
**Convener, Consumer Affairs Standing Committee**