

8 May 2018

Nicola Sladden  
Banking Ombudsman  
PO Box 25 327  
Wellington 6146

Dear Nicola *Nicky*

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

Thank you for your letter of 9 August 2017 including your submission on our review of the Code of Banking Practice. We also appreciate the time you and your colleagues have taken to meet us to discuss progress with the Code during the consultation period.

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 approach makes the Code more accessible to bank customers and avoids duplicating customer contracts. It will also provide you 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 would be happy to work with you to provide further guidance for banks and customers on how the Code's principles and obligations can be implemented. In terms of customer information, we think the quick guides available on your website already provide excellent resources. We are also planning to publish a Smarter Banking guide with practical information to help customers get the most out of their banking.

We have accepted your point on fraud liability under the privacy and security section and included a statement that victims of card and electronic banking fraud will be reimbursed for losses, consistent with the customer commitment in the current Code of 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 new Code will build on our industry's reputation and support better banking in New Zealand.

Yours sincerely



Karen Scott-Howman  
**Chief Executive**