



# Smarter Banking



NEW ZEALAND  
**BANKERS ASSO**

# About this guide

This guide will help you get the most out of your banking.

It covers things like getting the right products and services to suit your individual needs.

It also includes tips on how to set up and cancel recurring payments, avoid bank fees and keep yourself safe from fraud.

There's also information on different ways you can do your banking, and how to make a complaint or switch banks if you're not satisfied with your bank.

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# What you can expect from your bank

The Code of Banking Practice sets out what you can expect from your bank.

The latest edition of the Code contains five principles that set out what banks will do to give their customers a good banking experience. Under the Code banks will:

- ▶ Treat customers fairly and reasonably
- ▶ Communicate with customers clearly and effectively
- ▶ Respect customers' privacy and confidentiality and keep their banking systems as secure as they can
- ▶ Act responsibly when offering or providing customers with credit
- ▶ Deal effectively with customer concerns and complaints.

The Code is available on bank websites, in bank branches, and at [nzba.org.nz](https://nzba.org.nz).

The Code applies to banks' relationships with all their customers except wholesale customers.

The Code is used by the Banking Ombudsman, along with bank terms and conditions, and the law, to assess and make recommendations in disputes between banks and their customers.

The Code was developed by the banking industry through the New Zealand Bankers' Association (NZBA) in consultation with the public, industry stakeholders and the Banking Ombudsman.

# Easiest ways to bank

The ways people bank have changed a huge amount in recent years. Most people bank online or on their smartphones.

There are very few reasons for a customer to need to go into a branch these days, as banks try to make banking available where and when works for their customers.

## **INTERNET AND SMARTPHONE BANKING – 24/7**

Internet banking is the most convenient way to bank. It's available all the time and can be accessed by a banking app on your smartphone – so you can bank anytime, anywhere.

There are some transactions that you will need help for or cannot be authorised online but these are rare. These can be dealt with by phone banking.



Tip: Many banks will send a confirmation text to your phone for transactions if you're internet banking so have it nearby.

## **PHONE BANKING – 7 DAYS A WEEK**

Phone banking is available 7 days a week. Simple requests and automated services are available 24/7 but full customer assistance may not be available late at night or on the weekends.

Phone banking is simple and easy. It's the best way to ask questions but may take more time than expected if there are a lot of people calling.



Tip: You will quickly be asked for a customer number or other ID when calling so have it ready.

## **YOUR LOCAL BRANCH – OPENING TIMES DEPEND ON LOCATION (NORMALLY FIVE DAYS A WEEK)**

For some transactions, such as opening an account, talking about a large loan or becoming a new customer, you may have to go into a bank branch. If you do, make sure you check the opening times.

Some branches are open late at night and on the weekends but most are only open standard working hours, and some remote branches even less than that.

If you don't know whether you need to go into the bank or not, check online or call on phone banking to ask.

# Opening accounts and applying for credit

## OPENING AN ACCOUNT

Before, or at the time, you open an account we will advise you of your rights and obligations relating to that account.

This information will include:

- ▶ the type of account
- ▶ how and by whom the account is to be operated (i.e. individually or jointly)
- ▶ how funds may be put into or withdrawn from the account
- ▶ who will be liable for repaying any existing and future debts on the account (e.g. if the account is a joint account).

## WHAT YOU NEED TO BRING

Banks are required to see proof of identity for a new account – to protect you and prevent potential fraud and money laundering.

You will need to bring a photo ID such as a passport /driver licence, another form of ID and proof of address, such as a bill. If you don't have those let your bank know as an alternative identification may be acceptable.



Tip: If you are a recent migrant to New Zealand some banks offer tailored packages. Talk to your bank about that.

## GETTING A LOAN OR OVERDRAFT

Banks offer a wide of range of different loans, depending on the situation and what you want the loan for. Banks can help provide the right type and amount of credit that works for you and your financial situation.

When considering your application, banks may take into account your financial history. They will ask you before accessing information about you from third parties.

If you are struggling to meet repayments or are in financial difficulty, contact your bank immediately as they may be able to help you. It is better to do this before defaulting on a loan.



Tip: Banks want to compete for your business. Before taking out a loan, shop around to see who's offering the best deal.

## GUARANTORS

If you have someone willing to provide a guarantee to cover your loan, that may work for you. A guarantor is someone who guarantees to pay your loan if you default.

However, there are significant responsibilities for a guarantor. Banks are required to make them aware of their responsibilities.

Guarantors may use the complaints process (see page 18) the same way as if they were the bank's customer.

# Setting up and cancelling direct debits

Many New Zealanders use direct debit arrangements to make purchases, pay bills on a regular or recurring basis and as an alternative payment method to cash.

The processes involved in setting up and cancelling direct debits are different depending on if it is from your deposit account or credit or debit card.

A direct debit is an amount of money you authorise a merchant, such as a retailer or a service provider, to deduct money from your deposit account or credit or debit card, to pay for goods or services.

A direct debit is a convenient, safe and reliable payment method. Your ability to set up or cancel a direct debit will involve interaction with the merchant, not just your bank.

You can set up a direct debit on either a deposit account or credit card. A direct debit on your deposit account automatically deducts payments from the money in the account you have with a bank. A direct debit on your credit card takes money off your card. The processes for each are different.

## ADVANTAGES

- ▶ For regular or recurring bills it saves you having to pay each time, meaning you won't inadvertently miss a payment.
- ▶ You can take advantage of interest-free days when you use a credit card.
- ▶ You can better manage your spending and budget by having all your direct debits deducted from a single account.

## DISADVANTAGES

- ▶ If you don't pay attention to your other expenses, you could go over your credit limit or overdraw your account and then you might find it difficult to manage your financial commitments.
- ▶ If you exceed your credit limit or overdraw your account, your direct debit might be refused. If this happens, you may have to pay additional fees or interest to your bank or card issuer. If the payment is delayed or missed because of insufficient funds, you may also have to pay fees or interest to the merchant.
- ▶ Resolving disputes or problems with bills could be complicated because the money has already been deducted from your account or the payment processed.

# Setting up a direct debit

## DEPOSIT ACCOUNTS

- ▶ Be clear about the amount to be debited, when the debit will occur and how long the arrangement will be in place.
- ▶ Provide the merchant with your bank account details.

## CREDIT AND DEBIT CARDS

- ▶ Provide the merchant with your card number and expiry date and, if required, the security code.



Tip: In almost all cases you will only need one direct debit per purchase.

Talk to the bank if the retailer insists on multiple direct debits.

Make sure you receive written confirmation the direct debit has been set up.



Did you know? Cancelling a direct debit with the merchant may not end your obligations if there is an outstanding amount owing or you've entered an agreement or contract that is still valid.

Even if you cancel the direct debit, you're still legally bound to pay the merchant for the goods or services already provided to you (or which are to be provided to you), as part of your agreement or contract, unless you're also cancelling your agreement or contract with the merchant.

# Cancelling a direct debit

## DEPOSIT ACCOUNTS

- ▶ Make sure you don't owe the merchant any money. Pay the amount owing or set up an alternative payment arrangement.
- ▶ Contact your bank: They will process your cancellation request on your behalf.

## CREDIT AND DEBIT CARDS

- ▶ Contact the merchant: Provide clear instructions to the merchant to stop the direct debit arrangement. If you have difficulty, contact your bank for advice.

## WHAT IF THE DIRECT DEBIT ISN'T CANCELLED?

If a direct debit arrangement isn't cancelled, despite your request, and another amount is deducted from your account or card, contact your bank immediately.

If the direct debit transaction is unauthorised, the merchant should return the amount to you after

your bank has completed a dispute investigation – this is called a 'chargeback'. If you believe your bank hasn't resolved the matter appropriately, contact it again.

If you're still not satisfied with your bank's response, you can make a complaint to the Banking Ombudsman. Call: 0800 805 950 or email [help@bankomb.org.nz](mailto:help@bankomb.org.nz).

# Sample letter/email

## CANCELLING A DIRECT DEBIT ON A CREDIT OR DEBIT CARD

A Customer  
15 Stout Street  
Palmerston North 4060

Merchant name  
16 Queen Street  
Auckland 1050

[date]

Dear Sir/Madam

**Re: Cancelling direct debit for A Customer, customer reference number #0987654321**

With immediate effect, please stop deducting money from my credit [or debit] card account. My account details are provided below.

**Credit card/debit card**

Financial institution: ABC Bank  
Cardholder name: A Customer  
Card type: MasterCard  
Card number: 9898 7432 1200 0236  
Expiry date: 09/18

Please ensure you update your records to reflect this change as soon as possible. Please email me on [acustomer@example.co.nz](mailto:acustomer@example.co.nz) or reply to the above address as confirmation this has been completed. If you have any questions about this request, please do not hesitate to contact me on (021) 725 000. Thank you for your assistance.

Yours sincerely

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A Customer

# Choosing and managing your credit card

Credit cards are one of the most popular forms of credit but if they're not managed wisely, it's easy for debt to mount. There are simple ways to avoid this, starting with thinking about the credit card itself.

## IS YOUR CARD RIGHT FOR YOU?

There are hundreds of credit cards on offer from banks and other financial institutions, each with different features. Shop around and make sure you're getting the most out of the product.

Credit cards can range from 'no frills' cards with low interest rates to full service cards with a wide selection of features, such as travel insurance and reward schemes, with higher interest rates.

If you're unlikely to spend as much as is needed to take advantage of reward schemes, a card with fewer features and costs may be better for you. There are a variety of ways for you to find information on credit cards, including on financial institutions' websites, in bank branches or over the phone. Online comparison tools can also help you stay informed.

## KEEP TRACK OF YOUR SPENDING

It's important to treat your credit card like a debit card and only spend money you have. Consider setting a budget, putting in place a savings plan to pay down any debts, and tracking your expenses.

If you're only making minimum monthly repayments, it can take months or even years to repay, with interest accumulating over time. Many banks have online tools to help customers better understand their expenses and accounts.

## DON'T GET CAUGHT OUT MISSING A REPAYMENT

Talk to your bank about putting in place alerts and notifications so you always know when a payment is due. You may be able to set up an auto-payment so you never miss a repayment by mistake and accidentally incur interest charges.



**Tip:** If you want to cancel your credit or debit card altogether, you need to contact your bank and ask them to close your account – cutting up the card and throwing it away will not close the account or stop any direct debit arrangements.

Before you cancel the card you'll need to pay off the balance and make sure there are no outstanding amounts owing to any merchants and cancel any direct debit arrangements.

## TALK TO YOUR BANK

If you're finding it hard to manage your finances, talk to your bank about your options. You may like to put a temporary stop on your credit card account. If you do so, don't forget to update any direct debit arrangements you may have with merchants and retailers.

Don't just cut up your credit card – this doesn't close your account – you may continue to have a debt with your bank or other credit card provider.

# How to avoid bank fees

1

## CHOOSE A BANK ACCOUNT THAT SUITS YOUR BANKING NEEDS

It's important to check the different bank accounts on offer to see which is more suitable for you. Some accounts charge flat monthly fees for all electronic and manual transactions, while others are 'pay as you go' for each transaction. Make sure you know the fees associated with using services provided by your bank, such as those related to accounts, transactions or overseas purchases.

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2

## ASK ABOUT YOUR ELIGIBILITY FOR A FEE FREE ACCOUNT

You may be entitled to apply if you're aged under 18 or you're a full-time tertiary student or if you hold a Super Gold Card.

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## REDUCE THE NUMBER OF BANK ACCOUNTS YOU HAVE

If you've got multiple accounts, you may be charged monthly fees on each account. Consolidate or link your accounts to stop extra fees. This will also help you keep better track of your money.

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## CHECK YOUR BANK'S ATM FEES POLICY

Most banks no longer charge a fee for withdrawing cash at a different bank's ATM. Make sure you check your bank's policy on ATM fees. Note there will still almost certainly be charges if withdrawing from non-bank ATMs or ATMs overseas. Those machines should tell you if a fee is going to be charged before the transaction is completed.

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## PAY AND WITHDRAW CASH USING EFTPOS

To avoid paying excess withdrawal fees, use EFTPOS where possible to withdraw cash while you are making a purchase. This is most popular at supermarkets.

## **6 USE INTERNET BANKING OR MOBILE BANKING APPS**

Most banks offer fee-free access for transactions conducted online or on smartphone and tablet mobile banking apps, including viewing and printing account statements, transferring money and paying bills.

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## **7 REGISTER FOR TELEPHONE BANKING**

If mobile banking is not for you, you can conduct most of your banking over the phone without paying any fees, depending on the type of account you have. Some transactions may incur a fee.

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## **8 KEEP TRACK OF YOUR ACCOUNT BALANCES**

Regularly check your account to make sure you have sufficient funds to cover withdrawals and direct debits to avoid overdrawing your account and paying extra fees. Set up SMS or email alerts when your account reaches a certain balance to help you manage your money.

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## **9 CHECK YOUR STATEMENTS REGULARLY**

Review every account statement you receive and keep an eye on the fees you're paying. Be aware of how much your bank account costs and think about how to minimise those costs.

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## **10 CHECK GLOBAL ALLIANCES**

Before going overseas, check with your bank what network or global alliance it has with overseas providers to avoid additional fees at branches and ATMs.

# Fraud safety and cybersecurity

Fraudsters are always looking for new ways to scam us and steal our money. They use a range of ways to trick people into handing over personal information.

Once they have your bank account number, log in details, or password, they can access your identity and your money.

Personal information includes your date of birth, address, driver licence and passport details and bank statements. Anyone who asks for these will likely be trying to scam you. Fraudsters may pretend to be your bank, a government agency, a retailer or someone you trust.

Banks take care to protect bank accounts from misuse and fraud. For example, bank systems can detect unusual spending patterns and prevent attempts by fraudsters to access accounts.

We all have an important role to play in protecting ourselves and our money from financial crime.



**Tip:** If you are the genuine victim of banking fraud, talk to your bank immediately. Your bank may be able to reimburse you, depending on the particular circumstances and your terms and conditions.

## TIPS TO HELP AVOID SCAMS

- ▶ Don't share your bank account login details, cards, PIN or passwords with anyone – not in person, online, over the phone or in emails or texts. Your bank will never ask you for this information.
- ▶ Don't give out personal information over the phone unless you initiated the call and you are sure that the number you called is genuine.
- ▶ Don't reply to, click on any links or open any files in spam emails or text messages. Don't call any numbers in spam emails or text messages.
- ▶ Spam emails are often disguised to look legitimate. If it doesn't seem right, take care and double check first before handing over personal information. It's always a good idea to check the email address against one you know to be legitimate and type in full web address.

Depending on what has happened, your bank may be able to reimburse you for any money taken from your account.

You must still protect access to your bank accounts. If you give anyone else account access, you may be liable for any loss.

# Card and online safety tips

Here are a few simple ways to help keep your financial details safe.

## CARD SAFETY

- ▶ Safeguard your card. Treat it like cash. Don't leave it lying around. Make sure you know where your card is at all times. Do not give your card to anyone else to use.
- ▶ Protect your PIN. Never tell anyone your PINs or passwords – not even the police, bank staff, friends or family.
- ▶ Cover up. When entering your PIN at ATMs and EFTPOS terminals, shield the PIN pad with your other hand. Criminals may 'skim' your card details by attaching a device to the card reader and then 'shoulder surf' or use hidden cameras to record your PIN.
- ▶ Contact your bank immediately if you lose your card or you think the security of your card has become compromised/breached in any way.
- ▶ Check your statements and/or review your transactions regularly. Advise your bank immediately of any unauthorised transactions.

## WHEN SHOPPING AND BANKING ONLINE

- ▶ Log on to internet banking by typing in your bank's full web address. Do not use links in emails or text messages that appear to take you to your bank's website.
- ▶ Check you have a secure connection, which is shown by a closed padlock symbol in the address bar, and that the website address starts with 'https://'. The 's' stands for 'secure'.

- ▶ Avoid public computers and public Wi-Fi for internet banking, e.g. internet cafes, libraries or hotels.
- ▶ Never allow anyone to install remote access software to your home computer.
- ▶ Protect your identity information and only provide it to trusted people and organisations. This includes your date of birth, address, driver licence number and passport details.
- ▶ Shop with trusted retailers online. Check the security of the website. Before you provide personal information make sure they will protect that information.
- ▶ Keep your anti-virus and firewall software up to date.
- ▶ If you suspect you've been taken in by a scam and your bank account may have been compromised, contact your bank immediately.

## IF YOU USE YOUR MOBILE PHONE OR DEVICE FOR BANKING

- ▶ Only download apps from trusted sources.
- ▶ Keep your device's operating systems up to date, and update apps when prompted.
- ▶ Use your phone's password lock feature.
- ▶ Shield your passwords from people around you.
- ▶ Change your passwords periodically and make sure they are not easy to guess. Do not share your banking app password or PIN with anyone.
- ▶ If available, use anti-virus software.

# Protecting yourself from financial abuse

## WHAT IS FINANCIAL ABUSE?

Financial abuse has far-reaching consequences for individuals, their families and the community. It can happen to anyone but some people are at greater risk, including older New Zealanders and people with disabilities.

Financial abuse occurs when someone manipulates, threatens, pressures or otherwise influences you to gain access to your money, property or assets. Abusers often take advantage of the trust or power they are given or of their relationship with you.

There are two broad types of financial abuse:

1. When it occurs from a family member, friend or caregiver employed to help you.
2. When you are scammed into providing money to strangers or people you don't know well.

Examples of financial abuse include when someone:

- ▶ Pressures you to make changes to your will, power of attorney or other legal arrangements.
- ▶ Takes, 'borrows' or misuses your money, ATM card, debit card, credit card or bank account without your knowledge or consent.
- ▶ Pressures you to mortgage your home, provide gifts, or invest in 'too good to be true' investments so they can benefit without taking on the risk.
- ▶ Coerces you into providing services without being paid or fairly compensated, or expects you to unfairly pay for their expenses, eg. they share a home with you and don't contribute to rent, bills, maintenance and other expenses.

## SIGNS YOU MAY BE AT RISK OF FINANCIAL ABUSE

- ▶ You don't feel confident making major financial decisions alone or don't understand decisions that someone else is making for you about your money or property.
- ▶ You have an appointed person to manage your finances and you're concerned that money seems to be disappearing from your accounts, and you don't know where it's going.
- ▶ You have strangers contacting you asking for money to claim money that you are owed.

## PROTECT YOURSELF FROM FINANCIAL ABUSE

If the financial abuser is a family member or friend, you may feel conflicted about raising any concerns. While this is understandable, it's important that you take proactive steps to help keep you, your money and your property and assets secure.

There are a number of things you can do to protect yourself from financial abuse, including:

- ▶ Consider storing important documents with personal and financial information at your local bank in a safety deposit box and don't share your personal identification number (PIN) or other access codes with anyone.
- ▶ If you're thinking of giving someone a loan or gift, or you're facing a major financial decision, talk about it with someone you trust to get a second opinion.
- ▶ Be careful about setting up joint accounts for banking or investments. Joint accounts can't protect you against financial abuse, so it's important the person on your joint account is someone you trust.

- ▶ Talk to your bank about the different ways to manage your banking needs, such as pre-authorised bill payments and direct debits. These options let you do your own banking, so you don't have to give someone else access to your account.
- ▶ Plan ahead and put in place arrangements for how your money and property will be handled if something happens to you and you lose the capacity to make financial decisions. This can lower the risk of financial abuse and help avoid difficulties later, such as family conflicts about how best to manage your finances in the future.
- ▶ Keep track of what's happening with your bank accounts, investments and other assets. It's your

money and it's your right to ask questions about how that money is managed. If you can't do this because you're ill or face other difficulties, speak to someone you can trust who can help.

If you suspect someone you know is being financially abused, talk to them about your concerns. If they decline help, don't give up. It can be difficult for anyone to leave an abusive situation, especially if it involves family members.

The Elder Abuse Response Service helpline will connect you to providers in your area. Call 0800 32 668 65 (0800 EA NOT OK).

# Financial hardship – how your bank can help

Financial hardship occurs when you can't meet your existing financial obligations for a period of time. This may be caused by a number of reasons, such as illness or a change in employment. Your bank may be able to help.

If you think you might be experiencing financial hardship, you should take the following steps:

## ASSESS YOUR PERSONAL CIRCUMSTANCES

Take a close look at your income and expenses so you understand how much you can afford to repay on your loans. Consider your overall living expenses and work out which are priorities (for example, food, rent, mortgage payments and utility bills) and which aren't essential.

## CONTACT YOUR BANK

Contact your bank early if you are struggling to meet your financial obligations. Ask to speak to the 'financial hardship team'.



**Tip:** It's important to be open and honest about your personal circumstances and financial situation so your bank can determine if, and how, it can help you.

## PROVIDE INFORMATION TO YOUR BANK

Your bank may ask you for some information to help it assess your financial situation, including evidence of your financial position, evidence of employment and income and evidence of any medical circumstances.

## KEEP TALKING TO YOUR BANK

If your bank offers a hardship arrangement and you accept, you'll need to make sure you meet your side of the agreement. The bank will provide you with details of the arrangement and, if applicable, a new repayment plan.

If you can't meet the terms of the new repayment plan, you should contact your bank as soon as possible and discuss the situation. Your bank could agree to enter into a new arrangement.

## HARDSHIP ASSISTANCE OPTIONS

Hardship arrangements vary depending on circumstances. Some financial hardship assistance options include:

- ▶ Deferring or reducing loan repayments.
- ▶ Restructuring and consolidating loans.
- ▶ Altering loan repayments to interest-only.
- ▶ Changing limits on your credit card.
- ▶ Waiving certain fees and charges.
- ▶ Waiving penalties for early withdrawal of a term deposit.
- ▶ Providing a moratorium on collections action.
- ▶ Providing alternative banking arrangements.

## WHERE TO GO FOR MORE INFORMATION

The Commission for Financial Capability's website: [sorted.org.nz](https://sorted.org.nz). The National Building Financial Capability Charitable Trust provides free, confidential and personalised budgeting advice from trained budget advisers. Visit their website at [nbfccct.com](https://nbfccct.com).

# Switching banks

Switching banks is safe, easy and fast. Your new bank can take care of everything in five working days. It's the fastest switching in the world.

## HOW IT WORKS

If you want to switch banks and have your recurring payments remain as scheduled, you simply:

- ▶ Talk to your new bank. They will provide you with a Switching Bank Request Form.
- ▶ Complete the form and give it to your new bank. The form asks for the:
  - ▶ old bank's name and your account name
  - ▶ old bank account numbers
  - ▶ date to start the payments transfer
  - ▶ a signature for an authority and indemnity

Your new bank will identify and transfer all of your recurring payments. They will manage the entire switching process and the account will move from the old bank to the new bank along with all of the payment instructions.

## PAYMENTS NZ

Easier bank switching supports greater competition in the industry.

In 2010 banks decided to make switching banks easier. They did this through Payments NZ, which sets the rules for our payments systems. For more information, see [paymentsnz.co.nz](http://paymentsnz.co.nz).

# How to make a complaint

If you're not satisfied with your bank you should first write to them and ask them to resolve the issue. If you still aren't satisfied, you can make a complaint to the Banking Ombudsman. Call: 0800 805 950, email: [help@bankomb.org.nz](mailto:help@bankomb.org.nz) or visit its website at: [bankomb.org.nz](http://bankomb.org.nz).

Complaints about unfair or misleading conduct under the Fair Trading Act and breaches of the Credit Contracts and Consumer Finance Act (CCCFA) should be directed to the Commerce Commission. Visit: [comcom.govt.nz](http://comcom.govt.nz).

# About NZBA

Established in 1891, the New Zealand Bankers' Association is the industry's voice and promotes policy outcomes that contribute to a strong and stable banking system that benefits New Zealanders and the New Zealand economy. With the active participation of 17 member banks

in New Zealand, NZBA works with government, regulators and other stakeholders to improve public awareness and understanding of the industry's contribution to the economy, households, businesses and communities.

## Contact

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– PO Box 3043, Wellington 6140



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