

Submission

to the

Ministry of Business, Innovation and
Employment

on the

Discussion document: *Proposed
changes to the Deed of
Understanding between New
Zealand Post and the Government
of New Zealand – 2024 Review*

10 December 2024



About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.

2. The following eighteen registered banks in New Zealand are members of NZBA:
 - ANZ Bank New Zealand Limited
 - ASB Bank Limited
 - Bank of China (NZ) Limited
 - Bank of New Zealand
 - China Construction Bank (New Zealand) Limited
 - Citibank N.A.
 - The Co-operative Bank Limited
 - Heartland Bank Limited
 - The Hongkong and Shanghai Banking Corporation Limited
 - Industrial and Commercial Bank of China (New Zealand) Limited
 - JPMorgan Chase Bank N.A.
 - KB Kookmin Bank Auckland Branch
 - Kiwibank Limited
 - MUFG Bank Ltd
 - Rabobank New Zealand Limited
 - SBS Bank
 - TSB Bank Limited
 - Westpac New Zealand Limited

Contact details

3. If you would like to discuss any aspect of this submission, please contact:

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Introduction

4. NZBA welcomes the opportunity to provide feedback to the Ministry of Business, Innovation and Employment (**MBIE**) on the Discussion Document: *Proposed changes to the Deed of Understanding between New Zealand Post and the Government of New Zealand – 2024 Review (Discussion Document)*. NZBA commends the work that has gone into developing the Discussion Document.
5. NZBA does not support the proposed changes to minimum mail delivery frequency or the removal of the requirements for delivery days to be non-consecutive (**Proposed Changes**). The Proposed Changes could mean that legal notices and disclosures, including those required under the Credit Contracts and Consumer Finance Act 2003 (**CCCFA**) are not received in a timely manner, negatively impacting customer experience. We also assume MBIE as part of this policy work has considered COFR's Consumer Vulnerability Framework, to ensure New Zealand maintains a mail service fit for purpose for all groups of people in our community.
6. The impact of the changes on customer experience could be partially mitigated by making changes to the CCCFA to make it simpler for lenders to provide, and for customers to receive, disclosure electronically.
7. This position is expanded upon below.

Notice and disclosure requirements under the CCCFA

8. Banks (as well as other private sector organisations) have notification, disclosure and regulatory compliance obligations, including under the CCCFA, which can be met by posting documents.
9. In practice, notices and disclosures are frequently sent by post, either because that is the customer's preference or because of barriers arising from potential interpretation issues with the consent requirements when making disclosure electronically. For this reason, many of our members rely heavily on postal services disclosure.
10. Under the CCCFA, unforeseen hardship application notices are deemed to be received within a certain timeframe after posting. The Proposed Changes may cause these notices to actually be received by customers outside these deemed timeframes. As a result, customers may have less time to consider and act on the notice.
11. The speed with which customers receive communications (particularly those facing unforeseen hardship) can have a direct impact on how quickly they are able to reach a solution which helps them manage any escalating debt. While the proposed changes to NZ Post's delivery cycle may (if implemented) require members to revisit processes designed to help customers in these situations (for example by seeking to build in further lead time), ultimately there may be little that can be done if post is not physically being delivered for extended periods of time.



12. Additionally, if the Proposed Changes are made, disclosures made under the CCCFA may be received later than is currently the case. This will likely have an impact on customer experience.

Technology neutrality to support digital interactions

13. Against this background, the Proposed Changes would likely increase the chance of further extending the period between deemed disclosure (under the CCCFA) and actual receipt of those communications by customers, negatively impacting the customer experience. This sits in contrast to the consumer-centric changes that have been at the heart of CCCFA reform, and which underpin various compliance obligations under other statutes. Accordingly, NZBA opposes the changes.
14. We note that, as part of his “Fit for purpose financial services reform”, Minister Bayly has been considering how disclosure requirements can be simplified.
15. As an industry, we have sought (and continue to seek) reforms to the CCCFA disclosure regime to make electronic disclosure simpler, which has both customer and environmental benefits. If the Proposed Changes are to be made to NZ Post’s delivery cycle, we would strongly advocate for corresponding changes to be made in the electronic disclosure space. This would reduce (though not completely mitigate) the impact of the changes on a customer’s experience.