September 2024

**To Parliamentary Finance and Expenditure Select Committee**

Please find attached our submission on the: Inquiry into banking competition

For any further inquiries, please contact:

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# Introducing Disabled Persons Assembly NZ

**We work on systemic change for the equity of disabled people**

Disabled Persons Assembly NZ (DPA) is a not-for-profit pan-impairment Disabled People’s Organisation run by and for disabled people.

**We recognise:**

* Māori as Tangata Whenua and [Te Tiriti o Waitangi](https://www.archives.govt.nz/discover-our-stories/the-treaty-of-waitangi) as the founding document of Aotearoa New Zealand;
* disabled people as experts on their own lives;
* the [Social Model of Disability](https://www.odi.govt.nz/guidance-and-resources/guidance-for-policy-makes/) as the guiding principle for interpreting disability and impairment;
* the [United Nations Convention on the Rights of Persons with Disabilities](https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities.html) as the basis for disabled people’s relationship with the State;
* the [New Zealand Disability Strategy](https://www.odi.govt.nz/nz-disability-strategy/) as Government agencies’ guide on disability issues; and
* the [Enabling Good Lives Principles](https://www.enablinggoodlives.co.nz/about-egl/egl-approach/principles/), [Whāia Te Ao Mārama: Māori Disability Action Plan](https://www.health.govt.nz/publication/whaia-te-ao-marama-2018-2022-maori-disability-action-plan), and [Faiva Ora: National Pasifika Disability Disability Plan](https://www.moh.govt.nz/notebook/nbbooks.nsf/0/5E544A3A23BEAECDCC2580FE007F7518/%24file/faiva-ora-2016-2021-national-pasifika-disability-plan-feb17.pdf) as avenues to disabled people gaining greater choice and control over their lives and supports.

**We drive systemic change through:**

**Rangatiratanga / Leadership**: reflecting the collective voice of disabled people, locally, nationally and internationally.

**Pārongo me te tohutohu / Information and advice**: informing and advising on policies impacting on the lives of disabled people.

**Kōkiri / Advocacy**: supporting disabled people to have a voice, including a collective voice, in society.

**Aroturuki / Monitoring**: monitoring and giving feedback on existing laws, policies and practices about and relevant to disabled people.

## United Nations Convention on the Rights of Persons with Disabilities

DPA was influential in creating the United Nations Convention on the Rights of Persons with Disabilities (UNCRPD),[[1]](#footnote-2) a foundational document for disabled people which New Zealand has signed and ratified, confirming that disabled people must have the same human rights as everyone else. All state bodies in New Zealand, including local and regional government, have a responsibility to uphold the principles and articles of this convention.

The following UNCRPD articles are particularly relevant to this submission:

* **Article 8 – Awareness raising**
* **Article 9 – Accessibility**
* **Article 22 – Respect for privacy**
* **Article 28 – Adequate standard of living and social protection**

## New Zealand Disability Strategy 2016-2026

Since ratifying the UNCRPD, the New Zealand Government has established a Disability Strategy[[2]](#footnote-3) to guide the work of government agencies on disability issues. The vision is that New Zealand be a non-disabling society, where disabled people have equal opportunity to achieve their goals and aspirations, and that all of New Zealand works together to make this happen. It identifies eight outcome areas contributing to achieving this vision.

The following outcomes are particularly relevant to this submission:

* **Outcome 2 – Employment and Economic Security**
* **Outcome 5 – Accessibility**
* **Outcome 7 – Choice and Control**

# The Submission

**Background to the barriers faced by disabled people when accessing banking**

DPA welcomes this opportunity to feedback to the Finance and Expenditure Committee on this inquiry into banking competition.

We note that the review also comes at a time when public concern about the activities of the banking sector have grown, especially after this country’s major banks were reported to have made combined after-tax profits of $7.21 billion in the year ending 2023.[[3]](#footnote-4)

These profits have been made at the expense of all banking customers, but particularly impact low-income people who may be on benefits or low wages.

Disabled people are disproportionately low-income earners. Work and Income figures from 2018 showed that 54% of all beneficiaries receiving a benefit from the agency either had a disability or health condition.[[4]](#footnote-5) Disabled people in paid employment are also more likely to earn considerably less than non-disabled people with the average weekly income for disabled people in 2023 reported to be $1,018 and for non-disabled people $1,273, representing a differential of $255 per week.[[5]](#footnote-6)

The fact that disabled people have less income to bank has been exacerbated by the poor access that our disabled community has traditionally had to banking services.

Disabled people experience barriers to banking in multiple ways including through the lack of physical access to some bank branches and to the inaccessibility of digital information and communications used by banks that support customers to conduct online and in person transactions with them.

In 2019, the Bankers Association worked with representatives from the disabled and older communities to produce ‘Guidelines to help banks meet the needs of older and disabled customers’ to address these issues.[[6]](#footnote-7)

These guidelines aimed to provide information and resources to member banks ‘to help us [banks] develop systems and processes to improve access to banking products and services by older and disabled customers’[[7]](#footnote-8).

The guidelines were designed so that banks could better support the needs of older and disabled customers and uphold their right(s) to receive accessible services.

However, shortly after the publication of these guidelines in 2019, the first banks and businesses began to introduce policies around no longer accepting cheques as methods of payment, a move that disadvantaged many disabled and older people[[8]](#footnote-9).

DPA acknowledges that while there were practical reasons for removing cheques including the rise of internet banking and the increasing costs to banks and businesses of processing them, it is of concern that there were no transitional arrangements made to cater for the needs of older and disabled people who needed to continue using cheques (without the fear of attracting additional charges) due to the high level of digital exclusion experienced by disabled and older people.[[9]](#footnote-10)

While there have been some improvements in service accessibility on the part of banks, in 2024 there are still significant barriers experienced by disabled people when using bank services.

Firstly, these include disabled customers not having information about banking available in accessible formats. An example of this is that there are no documents written in Easy Read explaining basic banking services to people with cognitive impairments, i.e., people with learning disabilities, intellectual disabilities or conditions such as dementia.

Having banking and financial information available in Easy Read formats would enable people with learning disabilities to understand more about how the banking system works and the different types of payment systems it operates.

Secondly, there is a lack of access to New Zealand Sign Language (NZSL) within the banking system to enable D/deaf customers to easily access banking services. We are aware that Westpac offers services provided through iSign (a web-based interpreting platform), but this is not standard practice across all banks.

Thirdly, the challenges that people face in contacting banks, given that many have reduced their number of physical branches and/or reduced service hours presents another significant barrier for disabled people. Related to this are the ongoing challenges around providing accessible services in bank branches to, for example, disabled people who tire easily or who have other physical conditions making it challenging to queue up due to the lack of seating. The lack of competition in the banking sector has meant that there has been no willingness by banks to provide for greater inclusivity or accessibility within banks to the scale that is needed.

Fourthly, contacting banks often relies on phone or digital access which may not be available and/or accessible for many disabled people.

DPA would like to see the Banking Association’s 2019 guidelines be mandatorily incorporated into any banking industry reform legislation and for other improvements to service provision as a means of ensuring that disabled and older people can be full, active participants in the banking market.

We also would like to see government, disabled people and the banking sector coming together to discuss the ongoing barriers to banking experienced by our community with a view to reviewing and updating implementation of the guidelines and eventually incorporating them in banking reform legislation.

Below we answer the most relevant questions from the terms of reference with a disability rights lens.

**1.) The state of competition in banking, including:**

**a.) Profitability in banking, how it has changed over time, and how it compares to other OECD economies.**

**b.) The price of banking services, with a particular focus on business and rural lending products.**

We have highlighted the impact of prohibitive fees and charges imposed on customers by banks and that disabled people have significantly greater financial constraints (lack of employment, being on benefits, higher disability-related living costs) meaning that extra fees have a disproportionate impact.

Disabled customers who cannot access modern banking and payment technologies are particularly liable to face more charges than their non-disabled counterparts for a range of reasons. Blind and low vision people and people with mobility issues are often forced to accept a surcharge for using PayWave and other payments methods such as credit cards because eftpos machines are inaccessible due to their often being placed too high on counters, not having any braille, or due to people not having any physical dexterity to input pin numbers with. Also, any signage regarding additional transaction fees is often not provided in accessible formats including Braille, large print or Easy Read.

We understand that merchants charge these fees in part because they are required to do so by their bank. Non-bank providers charge merchants less for eftpos usage which means that banks need to up their game in this space around doing so too.

Staff assisted transactions at banks often incur a cost. Disabled people may require more assistance – particularly those with cognitive impairments, blind and low vision people, or those with less financial literacy and/or less access to private digital technology.

DPA welcomes the fact that some banks have removed other punitive charges, including those, for example, on people who go over their overdraft limits or under their balances. For some disabled people and others on low incomes, the removal of such charges is much appreciated as they prevent people from being dually punished for financial hardship.

Given the significant profits being made by banks, DPA would like to see banks being required to either significantly lower or remove all remaining charges including monthly account fees for all customers.

To incentivise such a switch, government should introduce banking reform legislation which includes mandating that all banks either lower or abolish remaining account charges by a set date.

Setting up a bank account can also be hugely challenging for disabled people – especially for those who have an intellectual/learning disability and/or may not have an ‘acceptable’ photo id or either need an agent or other support person/people to help them complete the process. None of the banks have made this easy. These factors have been compounded by legislative and regulatory requirements driven by the Anti-Money Laundering and Countering Financing of Terrorism Act (AML/CFT Act) and/or the Credit Contracts and Consumer Finance Act (CCCF Act). This includes the customer identification processes to open a new account but also the processes to demonstrate affordability of a loan.

These requirements mean the creation of barriers for not-for-profit organisations, including those operating in the disability space, in accessing banking services. For example, in the past, DPA regions have experienced difficulties when, for example, when we have needed to change bank signatories, something that has been difficult to do due to the huge amount of paperwork involved and need to attend in-person at a bank.

**c.) The level of customer “switching”, how this has changed over time, and how this compares to other countries.**

The lack of competition between banks mostly favours the major banks who, between them, have the most bank customers in New Zealand. It can also be hard to find or determine the best deals, many of which may not apply for disabled clients as many relate to home loans or term deposits.

Comparing offers from different banks is challenging for consumers due to the various strategies employed by banks to market their interest rates, fees, cash back incentives, and quality of mobile apps. There are both real and perceived difficulties with the logistics of switching providers, which reduces the competitive pressure on the major banks.

At present it is doubtful that the industry-led account switching service is working well for consumers. In terms of the ability to easily switch banks, this should be able to be done more efficiently through both online and in-person options and these should be fully accessible and available to everyone, including disabled people.

Also, account opening and closing as well as any other associated switching charges should either be lowered or removed to create a level playing field, therefore removing another barrier from consumers being able to do this effectively and without financial stress.

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| **Recommendation 1:** that government introduce banking sector reform legislation and that as part of this guidelines on meeting the needs of specific customer groups, including disabled and older customers are mandated |
| **Recommendation 2:** that banking sector reform legislation require banks to either substantially reduce or remove all fees and charges from both personal and business accounts by a set date. |

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| **Recommendation 3:** that all charges involved with bank switching are either significantly reduced or removed and that switch over processes and information about them are made more accessible for all customers, including disabled customers. |

**d.) The return on capital from business, rural, and residential mortgage lending; the level of interest rates charged to each sector; and an assessment as to why there has been a change in the proportion of lending to the productive sector relative to residential mortgage lending.**

DPA would like to see socially responsible lending practises used by all financial institutions when dealing with both household and business customers.

The need for socially responsible lending by financial institutions is reinforced by the provisions of the Credit Contracts and Consumer Finance Act 2003 as well as the Responsible Lending Code issued under it.

DPA considers it essential that existing protections around socially responsible lending are retained as they are vitally important for disabled people given the fact that many in our community live on low incomes and experience greater barriers to servicing loans, especially those made by banks.

This needs to be balanced by ensuring that disabled people who can afford to take out a mortgage or other lending can do so without facing discriminatory barriers based on disability/health condition or other factors.

We realise that there is a need for banks to have various securities in place before approving lending, but many disabled people have difficulty in accessing life or other insurance products due to having a disability or health condition. This results in disabled people being effectively locked out of accessing a mortgage and owning their own home.

DPA would like to see discussions held between key stakeholders including disabled people, disability organisations, banking and financial sector representatives and government agencies including the Human Rights Commission and Whaikaha around the need to remove discriminatory barriers to bank lending for any purpose to disabled people who meet the reasonable income and other criteria that all customers are expected to meet.

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**e.) The effect of any bank lending policies relating to borrowers’ emissions that result in additional lending costs and/or lending restrictions.**

DPA, would like to see current requirements around bank lending policies to lessen emissions from environmentally harmful sources retained and expanded.

A recent Environment Health Intelligence New Zealand (2024) report identified disabled people as a population group being heavily impacted by climate change in noting that “people with chronic health conditions, mental illness and/or disability are more susceptible to the negative impacts of climate related hazards.” [[10]](#footnote-11)

Both New Zealand-owned and globally owned banks have been extremely reluctant to take any actions around divesting from fossil fuels. It is essential that banks make a bigger shift towards more environmentally sustainable lending and investment practices as the future health of the planet and the people who are most at risk of climate change, including disabled people, are relying on big corporates like banks to act.

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| **Recommendation 4:** that banking reform legislation require all banks and financial institutions to phase out investment in fossil fuels and shift towards ecologically friendly banking practises to protect our environment and people, including disabled people, from further global warming and ecological destruction. |

**2.) Barriers preventing competition in banking, including:**

* **Any limits on the growth of non-bank deposit takers.**
* **Any restrictions on overseas investment/new entrants, including fintechs.**
* **Any outstanding constraints on the use of technology and open banking.**
* **The role of KiwiBank as a competitor.**

Many disabled people and others on benefits use Kiwibank who are seen to better cater to their needs. Kiwibank is seen as in between the major banks and the second tier of non-banks.

Competition between the major banks and Kiwibank appears to be sporadic and limited to mostly deposit accounts and home loans. Such competition is often short lived and for many disabled people doesn’t apply as they don’t have sufficient disposable income for term deposits, and many do not qualify for home loans.

Some consumer groups are not well-served by competition alone. As we pointed out earlier, this has seen some disabled people facing financial exclusion through facing issues around opening even a basic bank account.

DPA supports the entry of new banks into the industry to provide more competition, particularly Māori development banks, community-owned banks, co-operative banks and other forms of non-corporate banks providing greater choice for these and other groups of customers who are not well served by the current corporate driven banking system.

Given that KiwiBank has aimed to provide some form of socially responsible, accessible banking service to underserviced customer groups including disabled people, DPA supports believe that it should remain in full public ownership.

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| **Recommendation 5:** that KiwiBank be retained in public ownership given that it has gone some way towards providing essential accessible banking services to under-served communities. |

**3.) Rural banking:**

**a.) Access to banking services, including access to cash services, especially in rural areas.**

Lack of access to branches and automatic teller machines (ATMs) in rural areas can have huge impacts on access to cash for disabled people - especially in emergency situations such as occurred with the 2023 North Island storm events, especially in Gisborne and the Hawkes Bay. Many disabled people cannot simply drive to another location due to the lack of accessible transport.

**4.) Access to banking for Māori - especially Tāngata Whaikaha Māori**

Māori and Tāngata Whaikaha disabled Māori face a wide range of intersecting barriers including that personal banking services can be disproportionately limited by factors such as location with many areas with high Māori populations, including for example, Te Tai Tokerau Northland having fewer physical bank branches, ATMs and online services.

Disabled Māori face perceptions of racism and bias towards them from banks and this combined with a lack of Māori representation in the banking sector produces multiple disadvantages when it comes to using banking services.

Māori members of DPA have shared incidents where Pakeha members of a group were served by banking staff or able to access personal loans but not the disabled Māori family members with them.

Due to the significant multiple barriers which Tangata Whaikaha Māori face, there are very few disabled Māori individuals who have their own home unless it is a generational home that has been passed down.

1. <https://social.desa.un.org/issues/disability/crpd/convention-on-the-rights-of-persons-with-disabilities-articles> [↑](#footnote-ref-2)
2. <https://www.odi.govt.nz/nz-disability-strategy> [↑](#footnote-ref-3)
3. <https://www.interest.co.nz/banking/126803/housing-lending-percentage-nzs-banks-total-lending-reaches-70-kpmgs-annual-fips> [↑](#footnote-ref-4)
4. Kia Piki Ake Welfare Expert Advisory Group. (2019). Welfare system: statistics. Retrieved from <https://www.weag.govt.nz/background/welfare-system-statistics/> [↑](#footnote-ref-5)
5. <https://borgenproject.org/disability-and-poverty-in-new-zealand/> [↑](#footnote-ref-6)
6. <https://www.nzba.org.nz/banking-information/code-banking-practice/older-and-disabled-customer-guidelines/> [↑](#footnote-ref-7)
7. Ibid, p.2. [↑](#footnote-ref-8)
8. <https://www.ihc.org.nz/strong-voices-articles/end-of-cheques-leaves-disabled-people-worried> [↑](#footnote-ref-9)
9. [↑](#footnote-ref-10)
10. EHINZ. (2024). Social vulnerability to the impacts of climate-related hazards in Aotearoa New Zealand. Wellington: Environmental Health Intelligence New Zealand, Massey University. <https://www.ehinz.ac.nz/publications/news/latest-news/national-report-published-on-social-vulnerability-to-climate-related-hazards/> [↑](#footnote-ref-11)