

CODE *of* Banking Practice

FOURTH EDITION JULY 2007

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1 introduction

1.1 this code

- (a) This Code has been prepared by the member banks of the New Zealand Bankers' Association and is effective from 1 July 2007. It replaces the Code of Banking Practice which took effect from 2 December 2002. Compliance by participating banks with the Code is considered by the Banking Ombudsman through complaint investigations undertaken from time to time. Formal review of this Code by participating banks will be commenced within three years of the effective date. Consultation with the public (including interested organisations) will take place during the review process. Changes to banking practice, technology and legislation may also justify an interim review and amendment of the Code.
- (b) In this Code “we”, “our” or “us” means your bank, “you” or “your” means you the customer.
- (c) This Code records good banking practices. We agree to observe these practices as a minimum standard. This Code is not a complete record of our relationship with you, as specific products and services may have their own terms and conditions. These terms and conditions may include additional rights and obligations for both you and us. This Code does not alter or replace those terms in any way.
- (d) We will ensure that our staff are aware of the Code and the minimum standards of good banking practice that are relevant to their area of work.
- (e) Other Codes, Acts of Parliament or internationally accepted banking standards or practices may apply to products and services sold by us directly or on behalf of another party. We shall comply with all our legal obligations.
- (f) This Code applies to our relationship with all our Customers.

- (g) In the appendix to the Code you will find:-
- a glossary defining a number of terms used in this Code; and
 - principal legislation and international banking standards that may affect services provided by banks in New Zealand.

- (h) Copies of this Code are available at all bank Branches and on request from us. They are also available from the New Zealand Bankers' Association. The contact details for the New Zealand Bankers' Association are as follows:-

New Zealand Bankers' Association

Level 12

Grand Arcade Tower

16 Willis Street

P O Box 3043

WELLINGTON

Telephone: (04) 472 8838

Facsimile: (04) 473 1698

Website: www.nzba.org.nz

1.2 governing principles and objectives of the code

- (a) The purpose of the Code is to:-
- (i) record and communicate to you the minimum standards of good banking practice that we will observe; and
 - (ii) maintain good bank/customer relationships and communication.
- (b) In order to achieve these objectives we will:-
- (i) comply with the provisions of this Code;
 - (ii) provide you with timely information, using plain language

where we can, to help you understand how your accounts and products or services operate, so that you can decide whether they are appropriate to your needs;

- (iii) use our best endeavours to make sure that our banking systems and technology are secure; and
 - (iv) act fairly and reasonably towards you, in a consistent and ethical way. What may be fair and reasonable in any case will depend on the circumstances, including our conduct and yours.
- (c) We will recognise the needs of elderly and disabled Customers to have access to banking services and we will use our reasonable endeavours to enhance access to those services for these Customers. In interpreting reasonable endeavours for the purposes of this clause we will be guided by the definition of Reasonable Accommodation as contained in the glossary.
- (d) Please ask us for clarification if you do not understand any of the information that we provide.
- (e) You may want to seek independent legal or other professional advice relating to the products and services we provide. We will co-operate with your advisers and, on request, supply the information they will need to advise you properly.

1.3 the banking ombudsman scheme and dealing with complaints

- (a) The Banking Ombudsman Scheme

Banks subscribing to this Code also belong to the Banking Ombudsman Scheme. The primary purpose of the Banking Ombudsman is to review and recommend ways to resolve your disputes that remain unresolved after consideration under your bank's internal complaints procedures. Details of this free Scheme are available from us or from

the Banking Ombudsman. The Banking Ombudsman may, where appropriate, refer complainants to other organisations such as the Insurance and Savings Ombudsman, the Privacy Commissioner or the Human Rights Commissioner. Contact details for the Banking Ombudsman are as follows:-

Office of the Banking Ombudsman
Level 11
109-111 Featherston Street
P O Box 10 573
The Terrace
WELLINGTON

Freephone: 0800 805 950

Fax: (04) 471 0548

Email: help@bankombudsman.org.nz

Website: www.bankombudsman.org.nz

(b) Dealing with Complaints

We will offer free complaints review procedures for handling complaints about any of our products and services.

If you have made a complaint about our products or services:-

- (i) we will acknowledge to you we have received your complaint within five business days of our receipt of your complaint;
- (ii) we will undertake a review under our own internal complaints review procedure;
- (iii) if you are dissatisfied with our decision, we will inform you (usually in our final response to you) that you may refer your complaint to the Banking Ombudsman for further consideration, and we will also provide you with the contact details for the Banking Ombudsman; and

- (iv) the Banking Ombudsman may then independently review your complaint and make a recommendation.

The Banking Ombudsman Scheme Terms of Reference govern the handling of complaints referred to the Banking Ombudsman for consideration.

Our internal complaint procedures will:-

- (i) be documented;
- (ii) be accessible to you; and
- (iii) provide for the timely resolution of complaints in a fair and reasonable manner.

Brochures relating to our complaints procedures and the Banking Ombudsman's services will be on display in all of our bank Branches as will the Banking Ombudsman's own brochures. Our complaints procedure will also be available on our websites and on request from us.

2 communication

2.1 customer privacy

- (a) We have a strict duty to protect the confidentiality of all our Customers and former Customers' affairs. We are also obliged in our dealings with our personal Customers to observe and comply with the Privacy Act 1993.
- (b) When you are dealing with us we may ask you to prove your identity. This helps us protect your property and information.
- (c) We will endeavour to ensure that your information that we hold is accurate. Prompt advice of any changes in your personal contact details such as residential or email address, or telephone or facsimile numbers will help us to do this. This is very important because we will then be able to communicate with you and send you information on your accounts and other relevant matters.
- (d) We will only use the information we hold about you for the promotion of other products or services if you have consented to this. If you do not wish to receive promotional material from us at any time, tell us and we will not send it.
- (e) We require all of our employees, contractors and agents to sign a confidentiality agreement.
- (f) You can help us to protect your confidential information by keeping all information regarding your accounts, products and services in a safe place.
- (g) When you are dealing with us by telephone, your conversation with us may be recorded for verification or training purposes.
- (h) Certain laws require us to disclose your confidential information, for example, under the Tax Administration Act 1994 the Inland Revenue Department may request certain information from us. Section 11.2

of this Code lists examples of some additional laws that may require us to disclose your confidential information.

2.2 communication with you

- (a) We will provide information to you from time to time using plain language where we can. This may include advising you of changes that may affect your business with us. We will communicate with you in at least one of the following ways:-
 - (i) by direct communication with you (e.g. by letter, by email, by fax or by telephone);
 - (ii) by displaying information at Branches; or
 - (iii) by statements in the media, including public notices.

In addition, where such information is on our website, changes will be noted there.

- (b) When informing you of the terms and conditions of any banking service, we will also inform you that when there is a variation to our terms and conditions, including changes to fees and charges, we will:-
 - (i) give at least 14 days notice of such variation; and
 - (ii) communicate such changes, either:-
 - by direct communication; or
 - by display in all Branches and/or by notice in the media (including public notices).

In addition, where terms and conditions are displayed on our website, changes will be noted there.

- (c) Prior notice is not required for interest rate changes and other variations that are subject to market fluctuations.
- (d) You are responsible for informing us of any change of your name or address.

2.3

bank disclosure

- (a) You may request a copy of our current quarterly Disclosure Statement. The Key Information Summary in that document will be displayed in each of our Branches and on our website.
- (b) In addition to any other disclosure required by law, we will make available to you, the terms and conditions of the product or service you have, both at the time you take that product or service and upon request by you at a later stage.
- (c) At the time you open an account, we will inform you of the details of standard fees and charges payable for the normal operation of the account. We will advise charges for other products and services on request or at the time the product or service is offered.
- (d) We will make sure our advertising and promotional material is not deceptive or misleading and that it complies with all relevant legislation.
- (e) We will inform you of our non-standard fees and charges before payment is due. There may be charges from other parties (including overseas banks) of which we have no knowledge or control. If legal charges are to be passed on to you, you will be told the amount due before we pay the account (provided your contact details are up to date). Your right to apply for a review of the costs you have been charged will then be preserved under the Law Practitioners Act 1982 or the Lawyers and Conveyancers Act 2006.
- (f) Any advertisement that includes a deposit interest rate will state that full details of the terms and conditions will be available on request and will also include any other disclosure required by law. If you request it, we will provide you with the following information:-
 - (i) the rate of interest, and whether it may change over the period of the deposit, how the interest is calculated and when interest will be credited to your account;

- (ii) any fees and charges you must pay;
- (iii) any government charges and taxes you must pay, including Resident Withholding Tax, Non-Resident Withholding Tax and Approved Issuer Levy; and
- (iv) other information, such as the consequences of withdrawing deposits early or in part.

3 products and services

3.1 accounts, products and services

(a) Opening Accounts

(i) Before or at the time you open an account, we will advise you of the 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); and
- any additional terms and conditions that may apply when authorising others to access your account.

(ii) We reserve the right not to open an account for you.

(iii) We are required by law to satisfy ourselves as to your identity. This is to protect you, as well as to avoid possible misuse of the banking system. You will be advised what identification is required. If you do not have the more common forms of identification, you should let us know, as an alternative means of identification may be acceptable.

(b) New Accounts, Products or Services

(i) When we introduce new accounts, products or services, we will ensure information on the price, nature and/or terms and conditions of the account, product or service is available. We may communicate with you about new accounts, products or services. Alternatively, we may advertise in the media, bank

Branches or on our website or any combination of these. If you would like to know more about these new accounts, products or services, you may wish to contact us to obtain more detail.

(ii) We reserve the right not to offer you products and services.

(c) Moving or Suspending Accounts

(i) If you wish to move your account to another bank or another party requests us to do so on your behalf, we will co-operate in a timely manner with the request, subject to any legal constraints.

(ii) We may suspend the operation of your account for various reasons. These may include:-

- complying with a court order;
- you have been adjudicated bankrupt;
- there are insufficient funds in your account;
- if we are notified by any party of a dispute over either the ownership of funds or the operation of the account;
- for charitable trust, incorporated society and business accounts (and other similar types of accounts) we may stop the operation of the account wholly or partially until the authority of the person representing the charitable trust, incorporated society or business or other entity as the case may be in its dealings with the bank is clarified; or
- to protect one or all of the parties to the account, us or a third party who has reasonably claimed an interest in the account.

When the operation of an account is suspended, we will advise all account holders as soon as possible.

(d) Closing of Accounts and the Withdrawing of Products and Services

(i) Either you or we may end any banking relationship at any time, and we may withdraw any product or service, as long as any relevant terms and conditions are adhered to. We will not normally close your accounts or withdraw a product or service until we have given you at least 14 days notice setting out the relevant details. However, there may be circumstances where we close your account or withdraw a product or service without prior notice. Examples are:-

- complying with a court order;
- if you have acted unlawfully;
- if you have breached our terms and conditions; or
- if you have acted abusively to our staff.

When an account is closed, we will request that you return or destroy all unused cheques and any Card relating to that account.

(ii) Any funds remaining in your account at time of closure will be returned to you, subject to any terms and conditions, fees or interest applying to those funds. Further, if there is any dispute over these funds we may not be able to return them to you.

(iii) If a party to a joint account advises us that he/she wishes to withdraw from that joint account, we will either stop the account or remove that party from the account. In both cases, all parties to the account will be advised as soon as possible. However, the joint liability for all debt (including payments made but not processed) at the date of stopping the account or that party's withdrawal, will continue until full repayment is made.

3.2

payment services

- (a) We may provide you with payment services such as Direct Credits, Automatic Payments, Direct Debits, Bill Payments, fund transfers, electronic Card transactions, same-day cleared payments and international money transfers.
- (b) Access to your accounts may be provided by means of telephone, Internet, facsimile, ATMs, EFTPOS, at Branches or other means.
- (c) Where such services are used, we will inform you of:-
- (i) the terms and conditions that apply to the outward payment services offered and the consequences of any breach of these terms and conditions;
 - (ii) any fees or charges for the service and we will advise you that there may be a charge imposed by the receiving bank;
 - (iii) the deadline by which you may alter or stop a payment;
 - (iv) our right to alter, adjust, cancel, reverse or suspend any payment instructions; and
 - (v) your right to alter, adjust, cancel, reverse or suspend any payment instructions, including, but not limited to, your right to advise us directly to cancel or stop direct debit authorisations.
- (d) Payments may be declined or reversed if there are insufficient funds in your account or for other reasons and you may be charged fees in respect of such payments. Funds paid into your account may not be available for you to withdraw until the payment is cleared.
- (e) On request, we will provide you with information on when funds paid into your account may become available. When funds become available may depend on a number of factors including the type of payment used, jurisdiction, the rules covering the payment type and/or whether the payment was made on a non-business day or

after banking hours.

- (f) If we permit you to draw against uncleared funds, we are providing Credit and will require to be repaid (including interest and charges) if the payments into your account are reversed out.
- (g) It may not be possible to stop or reverse electronic payments once they have been made. Payments you have made in error can only be recovered from the account they have been paid to with the consent of the account holder. We will co-operate with you or another bank involved in the transaction to try to recover payments made in error.
- (h) There may be circumstances where we can reverse payments paid into your account, such as when we or the other bank involved have made an error.
- (i) We will take and promptly process your:-
 - (i) instruction to cancel a Direct Debit authority and we will instruct you to contact the Direct Debit Initiator to advise them that you have cancelled your Direct Debit authority (otherwise the Direct Debit Initiator might lodge a further Direct Debit authority with us); and
 - (ii) complaint that a Direct Debit was unauthorised or otherwise irregular, but we may suggest that you also contact the Direct Debit Initiator.

4 cheques

4.1 cheques

- (a) We will inform you of the need to keep your chequebook safe at all times and that you should never sign cheques in advance, or leave any details blank after a cheque has been signed. The loss of your chequebook, any cheques or any unauthorised withdrawals from your account should be reported to us immediately. The Police may also need to be notified.
- (b) We may ask you for identification when you cash a cheque and we will explain our reasons for doing so on request.
- (c) On request, information will also be available to you on:-
 - (i) how long it is likely to take to clear a cheque (cheques drawn on an overseas bank will take longer to clear);
 - (ii) what happens if one of your cheques is dishonoured and what happens if a cheque you pay into your account is dishonoured;
 - (iii) the various ways cheques may be “crossed” to help protect against theft or fraud;
 - (iv) what happens when a cheque is altered;
 - (v) how you can obtain a “Special Answer” for early clearance of a cheque; and
 - (vi) any fees and charges for cheque processing, honours and dishonours.
- (d) On request, we will inform you how to stop a cheque and of any fees or charges that may apply. We will make reasonable efforts to stop a cheque when you request us to do so and we will also advise you of the circumstances when we may not be able to comply with your request to stop a cheque (for example, if the cheque has already

been cashed or presented by way of “Special Answer”). At the time you request a stop, we may not be able to establish whether or not the cheque can be stopped.

- (e) If a cheque is misplaced in processing, all banks involved will do their best to help you obtain a replacement.
- (f) If a cheque is not presented to us for payment within a certain period of time (usually six months from the date written on the cheque) we may:-
 - (i) pay the cheque;
 - (ii) decline to pay the cheque; or
 - (iii) make any further enquiry we consider necessary before deciding whether to pay or not to pay the cheque.

4.2 bank cheques

- (a) Like any other cheque, Bank Cheques need to clear and the funds may not be available to you until this process is complete.
- (b) On request, we will inform you of the terms and conditions relating to Bank Cheques and of the fees for this service.
- (c) There are some limited circumstances in which we may refuse payment on Bank Cheques that have been issued to Customers. In general, this would only be when:-
 - (i) the cheque is fraudulent, forged or counterfeit, or has been altered since it was issued;
 - (ii) the cheque has been reported lost or stolen;
 - (iii) a court has issued an order restraining payment;
 - (iv) there has not been proper payment by the customer for the cheque and that customer presents the cheque for payment;
 or

- (v) there has not been proper payment for the cheque and any other person presents the cheque for payment and that person has obtained the cheque by fraud, or knows that a previous owner obtained the cheque by fraud, or knows that it was originally obtained from the bank without proper payment.
- (d) We are not obliged to stop a bank cheque issued to you upon your request. However, we may do so if the cheque has been lost, stolen or returned to us by you. Bank Cheques cannot be stopped for example, because you have changed your mind about a transaction after handing the cheque over to another person or a transaction between the parties has broken down through the supply of faulty goods and services.

5 credit

5.1 provision of credit

- (a) When you seek Credit from us, we will provide you with information about the various types of Credit Facilities available to you, so that you can make an informed decision.
- (b) When considering your application for Credit we may take into account your financial history, including information from Credit Reference Agencies. We will obtain your consent before accessing information about you from third parties.
- (c) We will only provide Credit to you or increase your Credit limit when the information available to us leads us to believe you will be able to meet the terms of the Credit Facility. We have the right to decide not to provide Credit to you.
- (d) When a Credit Facility is approved by us, we will comply with all laws that may apply. We will inform you, and any party providing Security, of your obligations including:-
 - (i) the annual interest rate and whether it may be changed during the period of the Credit Facility;
 - (ii) if applicable the finance rate as defined in the Credit Contracts Act 1981;
 - (iii) all fees and charges (including government charges and taxes);
 - (iv) the period for which the Credit Facility is available;
 - (v) the repayment terms, including any penalties for early repayment;
 - (vi) any information you need to supply to us during the term of the Credit Facility; and
 - (vii) any other important information such as, any insurance and Security requirements, when penalty or default interest is

charged or conditions you will need to meet before the Credit Facility is made available to you.

- (e) If you have a Credit Facility in conjunction with others, your liability is Joint and Several, unless we agree otherwise.
- (f) If you do not comply with the terms of your Credit Facility, we will contact you at your last known address to advise what steps we may take. If this happens, we may disclose information about your contact details and debts to Credit Reference Agencies and/or we may ask an outside party to collect your debt on our behalf. We will give you notice that we are going to do this, explain why we are disclosing the information and the effect it may have on your ability to obtain Credit in the future. If it is later agreed that the information supplied was not correct, we will make sure the Credit Reference Agencies are told of this.
- (g) It may be that we have written your debt off for our internal accounting processes, however this does not mean that you are no longer liable for your debt.
- (h) A record of your prior debt may remain on the records of the Credit Reference Agency and/or Debt Collection Agency even after you have paid off your debt to us, but for no longer than the permitted period required by law.
- (i) We will promptly inform you if we use funds you have deposited with us to offset your debts with us.
- (j) The following principles will also be applied by us:-
 - (i) we will co-operate with your advisers to explain the nature of any Credit Facility and to clarify anything during the relationship;
 - (ii) we will agree with you at the outset of the Credit Facility what sort of monitoring information you should supply and

how frequently. If circumstances change, any new monitoring information required will be advised to you in writing;

- (iii) we will communicate with you when we have concerns about your business and/or our relationship with you, explaining the reasons for our concern;
- (iv) if you find yourself in financial difficulty, please contact us immediately so we can consider your particular situation and any recovery proposition. You should contact us before you default under any Credit Facility or as soon as possible thereafter as the sooner you contact us, the better position we will be in to assist you.
- (v) we may ask for additional financial information and/or seek an independent review. If we do so, we will explain our requirements and that there may be costs attached;
- (vi) where we have requested that you obtain an independent review of your business, where possible we will seek to discuss the information provided with you (and, should you request, your advisers) before taking any action; and
- (vii) if you act in good faith, keep us informed about developments, keep your agreements with us, heed what your own and any independent advisers say and are prepared to make the changes needed early enough to preserve the underlying business, we will not normally seek the immediate appointment of a receiver or start other recovery proceedings.

5.2

guarantors and providers of other security

- (a) We will make sure that people who have offered to give us a Guarantee or other Security are made aware of their obligations and informed that:-
 - (i) by giving a Guarantee or providing Security for your debt,

they may become liable instead of, or as well as, you;

- (ii) they should seek independent legal or, if required, other professional advice before giving any Guarantee;
 - (iii) they may request, and we may, but are not required to, agree that the amount of their liability under the Guarantee or Security will be limited;
 - (iv) unless we have agreed that the amount of the Guarantee or Security is limited, and what the limit of their liability will be, their Guarantee or Security will be unlimited; and
 - (v) we may also claim any interest owed and any costs incurred in the recovery process.
- (b) There are circumstances where the Guarantee will remain in force after the guaranteed debt is repaid. You should discuss this with your independent legal or professional advisor.
 - (c) Guarantors and people giving Security may use the complaints procedures set out in clause 1.3 of this Code.

6 pins and passwords

- (a) If PINs or Passwords are not issued to you in person or are not selected by you personally, the PINs or Passwords will be issued separately from any Card or other product or service with which they are to be used.
- (b) Where PINs and Passwords are issued to you personally, we must be satisfied about your identity before allowing Cards to be issued or before you are given access to other PIN or Password operated services.
- (c) We will inform you of the kinds of PINs and/or Passwords that are unsuitable. You must not use these PINs or Passwords. Unsuitable PINs or Passwords include:-
- birth dates, months or years;
 - sequential numbers (e.g. 3456);
 - number combinations that may be easily guessed (e.g. 1111);
 - parts of your telephone number;
 - parts of numbers in the order in which they are printed on any of your Cards;
 - other easily accessible personal data (e.g. drivers licence, locker number or other numbers easily connected with you); and
 - family, pet or street names.
- (d) We will also inform you that you must safeguard your PIN or Password. For instance, you must:-
- memorise your PIN or Password;
 - not record your PIN or Password anywhere;

- not disclose your PIN or Password to anyone (including the Police, bank staff or your family);
- ensure any authorised signatories on your account keep their own PINS or Passwords secure;
- take care to ensure no-one can see you enter your PIN at ATMs or when using EFTPOS; and
- report the disclosure or possible disclosure of your PIN or Password as soon as you are aware or suspect your PIN or Password has been disclosed.

In addition, we will inform you that you should consider using a different PIN or Password for different Cards or equipment.

- (e) We will conform to internationally accepted standards for methods of generation, storage and terminal Security relating to PINs and Passwords, to ensure confidentiality and Security for your protection.
- (f) We will encourage third parties to maximise your PIN and Password Security. For EFTPOS facilities on our own premises, we will ensure that new and replacement equipment is of a type that maximises your PIN and Password Security.

7 cards

7.1 cards

(a) Issuing Cards

- (i) We will only provide you with a new Card (other than replacement or reissue Cards) on instruction from the customer/s responsible for the account.
- (ii) Where Cards are issued to you personally, we must be satisfied about your identity before allowing Cards to be issued.
- (iii) When we first issue your Card, we will provide you with the terms and conditions relating to your Card and inform you which of your accounts your Card can access. We will also inform you whether the Card issued to you has more than one function and if so, what those functions are. The terms and conditions and functions may change from time to time.
- (iv) We will advise you of the current transaction limits that apply at EFTPOS and ATMs. These limits may change from time to time and are available on request.
- (v) We will advise you of our fees and charges that apply to your Card.
- (vi) Additional Cards may be issued to a person nominated by you, if we agree. This is useful for ill or disabled Customers. You will be liable for all transactions made by the additional cardholder/s.
- (vii) When we issue your Card/s we will inform you how to best safeguard your Card/s. For example, you must:-
 - take care of your Card/s. Do not leave your Card/s in an unattended wallet, purse or vehicle or anywhere where a thief could remove a Card without being noticed (particularly in nightclubs, hotels or restaurants);

- sign your Card as soon as you receive it;
- not give your Card/s to anyone or let anyone else use your Card/s (including the Police, bank staff or your family);
- always remember to take your Card back after using it;
- tell us if you change your address, so replacement Card/s are sent to the correct place; and
- report the loss or theft of your Card/s as soon as you are aware of it.

(b) Reporting Loss, Theft or Disputed Transactions

- (i) We will inform you of what procedures you must use to report the loss, theft or unauthorised use of your Card/s, PIN or Password both in New Zealand or from overseas.
- (ii) We will make available to you telephone numbers that you can use to report the loss, theft or unauthorised use of your Card/s, PIN or Password as soon as you are aware that any such event has occurred.
- (iii) We will assist you if you encounter any difficulties with another participating bank's ATM and cannot resolve them with the participating bank that owns the ATM.

(c) Credit Cards

- (i) We will only provide you with a Credit Card or increase your Credit Card limit when the information made available to us leads us to believe that you will be able to meet the terms of a Credit Card facility. We have the right to decide not to provide a Credit Card facility to you.
- (ii) You should be aware of the following matters when requesting a Credit Card, and following the issue of a Credit Card:-
 - your Credit Card terms and conditions will advise you that there are risks involved if you give your Credit Card details

and authorise transactions before you receive goods or services. You should consider the security and standing of the company or entity you are doing business with (including when purchasing goods or services non face-to-face);

- you have a limited time to dispute a transaction. We will inform you of this time in our Credit Card terms and conditions. Failure to report the incorrect, invalid or Unauthorised Transaction within that time will mean that we cannot reverse the transaction and you will have to pay for it;
- there are limited circumstances under which we can reverse a transaction which will be subject to the rules of the relevant Credit Card company. For example, we cannot reverse a transaction where there is a dispute with the Merchant as to the quality of goods and services or you have changed your mind about the goods or service; and
- if you notify us of an incorrect, invalid or Unauthorised Transaction made to your Credit Card account within the time limit, we will investigate the matter. If the transaction is found to be incorrect, invalid or unauthorised we will reverse the transaction (this is sometimes called a Chargeback).

7.2

liability

- (a) You will not be liable for losses before you receive your Card or, if applicable, your PIN and Password provided you have notified us of your current address. In any dispute about receipt of Card/s, PINs or Passwords that are not issued to you in person, we will not rely on proof of despatch to your correct address as proof that the Card/s, PINs or Passwords were received.
- (b) We will fully inform you in our Card terms and conditions what liability you have in relation to the loss or theft of your Card or

disclosure of your PIN or Password.

- (c) Once you have advised us that your Card/s have been lost or stolen, or your PIN or Password disclosed, either in New Zealand or overseas, you will not be responsible for any unauthorised use of your Card/s after that time. This protection will not apply if you have acted fraudulently or negligently.
- (d) You will be liable to pay no more than \$50 of any loss that occurs before you notify us. However, this \$50 limit will not apply if:-
 - (i) you have acted fraudulently or negligently; or
 - (ii) you have contributed to the unauthorised use of your Card, for example, (but not limited to) breaching our terms and conditions by:-
 - selecting unsuitable PINs or Passwords (see clauses 6(c) and (d) of this Code);
 - failing to reasonably safeguard Card/s;
 - keeping written records of PINs or Passwords;
 - parting with Card/s and/or disclosing PINs or Passwords to any other person;
 - failing to take all reasonable steps to prevent disclosure to any person when keying-in PINs or Passwords; or
 - unreasonably delaying notification to us of the loss or theft of Card/s, or of the actual or possible disclosure to any other person of PINs or Passwords.

If any of these apply, your maximum liability will be the lesser of:-

- the actual loss at time of notification; or
- the maximum amount that you would have been entitled to withdraw from your account between the time your Card was lost/stolen and the time you notified us.

- (e) If your Card gives you access to an account with a Credit Facility (for example, a Credit Card or a revolving Credit Facility), failure to look after your Card or any associated PIN could result in a substantial loss for which you could be held responsible.
- (f) You are not liable for loss caused by:-
 - (i) fraudulent or negligent conduct by employees or agents of banks or parties involved in the provision of electronic banking services;
 - (ii) faults that occur in machines, Cards or systems used, unless the faults are obvious or advised by message or notice on display;
 - (iii) Unauthorised Transactions before you have received your Cards, PINs or Passwords; or
 - (iv) any other Unauthorised Transaction where it is clear that you could not have contributed to the loss.

7.3

merchant card services

- (a) Our agreements with our Merchants for the processing of Card transactions will have their own terms and conditions applying to use, security and liability. These Merchant services agreements will also include information on the settlement and reconciliation of your Merchant facility. These terms and conditions apply in addition to the minimum standards of the Code.
- (b) We will also inform our Merchants of the associated risks of accepting Card transactions especially those where the Card is not present.
- (c) We will obtain a Merchant's explicit consent before changing their Acquiring Bank.
- (d) We will provide a robust, encrypted and efficient EFTPOS payment system.

- (e) Merchants are required to safeguard your Card details so that no unauthorised person gains access to these details. If Merchants fail to keep such details secure, they may be liable for losses associated with misuse of the cardholder information.

8 internet banking

- (a) Our Systems
- (i) We will take appropriate measures to ensure that our Internet Banking systems and technology are secure and are regularly reviewed and updated for this purpose.
 - (ii) If you incur a direct loss that is due to a security breach of our Internet Banking system as a result of our failure to take reasonable care and is not caused or contributed to by you, we will reimburse you for that loss.
 - (iii) We will exercise reasonable care and skill in providing you with Internet Banking services. However, subject to our obligations under the Consumer Guarantees Act 1993 we will not be responsible if you incur a loss, which is caused through circumstances beyond our reasonable control. In particular, we cannot be responsible for a loss caused through circumstances beyond our reasonable control because of:-
 - your inability to access Internet Banking, or any other application associated or reliant on Internet Banking, at any time, or any failure or delay in providing a service via the Internet; or
 - a malfunction of any equipment (including telecommunications equipment) which supports our Internet Banking service.
 - (iv) Your computer or device is not part of our system therefore we cannot control, and are not responsible for, its security. However, we will inform you, primarily through our website, how to best safeguard your online information and the steps you should take to protect yourself and your own computer from fraud, scams or unauthorised banking transactions. In addition to non technical advice (such as not leaving your

computer/device unattended when you are logged on to Internet Banking or not using shared computers like those in Internet cafés to access Internet Banking), we will also have on our website available information and advice on the benefits of installing and maintaining protection, in respect of, for example:-

- anti-virus software;
 - firewalls;
 - anti-spyware; and
 - operating system security updates.
- (v) We will inform you of what procedures you must use to report unauthorised access to your information, accounts or disputed transactions using your Internet Banking service and make available to you contact information so you can report this activity as soon as you are aware of it.
 - (vi) When we first give you access to our Internet Banking services we will tell you where to find the information you need to safeguard your online information and to protect yourself and your own computer from fraud, scams or unauthorised banking transactions. This information will be updated from time to time.
 - (vii) We will never send you an email asking you to confirm your security information or asking you to disclose your Password or security information by email.
 - (viii) We may also warn you against using an account aggregation system or software which is not provided by us that lets you see all your online accounts from different websites on the one website and requires you to input or disclose your customer ID, Password or any other security information.
 - (ix) When you have access to Internet Banking services we will

also inform you of the applicable terms and conditions relating to the use of Internet Banking services.

- (x) We will advise you of the current transaction limits that apply to our Internet Banking services. These limits may change from time to time and are available upon request.
- (b) Your ID and Passwords and other Authentication/Security Information

We will provide you with regularly updated information on:-

- (i) How to access Internet Banking services, including details about your customer ID, selection of appropriate Passwords and the availability of additional authentication or security options.
- (ii) Maintaining the security of your customer ID, Passwords and any other security information (which, where applicable, includes any second factor authentication security device).
- (iii) Your responsibilities for protecting your Password and any other security information, including (but not limited to):-
- never disclosing your Password and any other security information to anyone else, including bank staff, police or family members;
 - not recording your Password or other security information including keeping your Password on a file or on your computer or other device (including any Password saving facility);
 - not creating or using a Password and any other security information that can be:-
 - a) easily found out; or
 - b) relates to personal information about yourself (e.g. your birthday, family, street or pet names) or includes any obvious or sequential numbers such as 54321 or related numbers such as 22222;

- creating or using a Password and any other security information that is unique and/or is not the same as or similar to Passwords and any other security information used for other services you use;
- changing your Password and any other security information immediately if anyone else does or may know it;
- regularly changing your Password for increased security, and how to do this;
- taking reasonable care when accessing your Internet Banking service to ensure that your Password or other security information is not seen by or disclosed to anyone else;
- not opening attachments or running software from untrusted or unknown sources; and
- not responding to any requests for your Password or security information.

(c) Your Liability (Responsibility)

- (i) You will not be liable for losses caused by Unauthorised Transactions before you are able to access Internet Banking for the first time or during any period we prevent you from accessing Internet Banking, including, if applicable, before you receive your customer ID, Password or any other security information provided you have notified us of your current address. In any dispute about receipt of customer IDs, Passwords or security information that are not issued to you in person, we will not rely on proof of despatch to your correct address as proof that the customer ID, Password or other security information or additional authentication were received.
- (ii) If you advise us as promptly as is reasonably possible that your customer ID, Password or any other security information is or may be known to another person or there has been an unauthor-

ised access to your Internet Banking information or accounts you will not be held responsible for any loss incurred after that time, unless you have acted fraudulently or negligently or have contributed to such disclosure or unauthorised access.

(iii) You may be liable if an Unauthorised Transaction occurs after you have received the means to access Internet Banking, if for example, (but not limited to) you have breached our terms and conditions by doing the following:-

- you have a PIN or Password of a type you have been warned not to choose;
- you have voluntarily or negligently disclosed your PIN, Password or other security information to anyone else;
- you have kept a written or electronic record of the PIN, Password or other means of access;
- you have used a computer or device that does not have appropriate protective software and operating system installed and up to date;
- you have failed to take reasonable steps to ensure that the protective systems such as virus scanning, firewall, anti-spyware, operating system and anti-spam software on your computer are up to date;
- you have failed to take reasonable care to safeguard any other device that is used to access your Internet Banking service;
- you have failed to advise us as promptly as is reasonably possible that you are aware that someone other than you has accessed your Internet Banking service or an Unauthorised Transaction has occurred;
- you have left your computer unattended when logged on to the Internet Banking service; and

- you have failed to follow our reasonable security warnings about the appropriate processes and safeguards to follow when using Internet Banking.

If any of these apply your maximum liability will be the lesser of:-

- the actual loss at the time of notification to us; or
- the balance that would have been available for withdrawal from your account(s), including any Credit Facility, between the time any unauthorised access was made and the time you notified us.

(iv) If you have used or allowed your account to be used to process fraudulent or Unauthorised Transactions you may be liable for some or all of the loss suffered by the party who has been defrauded, regardless of the balance available in your account.

(v) We reserve the right to request access to your computer or device in order to verify that you have taken all reasonable steps to protect your computer or device and safeguard your secure information in accordance with this Code. If you refuse our request for access then we may refuse your claim.

9 other services

9.1 foreign exchange services

- (a) We will provide you with details of Exchange Rates and our commission charges or, if this is not possible at the time, the basis on which the transaction will be completed.
- (b) We will provide you with an indication of when money sent overseas by international money transfer on your instructions would normally be available for collection. We will also inform you that the person receiving the funds may have to pay a fee to the overseas bank.
- (c) Before completing any contract for forward foreign currency transactions for a personal customer, we will inform you of any fees and risks associated with the cancellation of, or variation to, such contract.
- (d) When we are acting on your behalf to collect the proceeds of foreign cheques or for export or import transactions, we will inform you on request of the likely costs of the transaction (including any overseas bank costs, if known), the likely time for the collection to be paid and the obligations of the parties under International Chamber of Commerce rules.

9.2 other financial services

- (a) We may provide or offer other products and services including managed funds, insurance, Safe Custody and securities trading facilities. We will advise you that there may be risks in investing in or purchasing some of these products or services.
- (b) Some of these products and services may be supplied by third parties and sold by us as an agent. The contract, including its terms and conditions, for such products or services will be between you and the third party supplier and we may receive commission for such sales.

- (c) Before you purchase such products and services (other than insurance), we will advise you (in addition to any disclosure required by law) of the following information, so you can make an informed decision as to which products or services meet your needs:-
 - (i) the terms and conditions of the product or service;
 - (ii) any fees and charges applicable to the product or service and how they will be charged; and
 - (iii) when either of us may alter or end the arrangement and the likely consequences of this.
- (d) For insurance products and services, you will be advised of the following information at the time the insurer accepts the application (in addition to any disclosure required by law), so you can make an informed decision as to which insurance products or services meet your needs:-
 - (i) the terms and conditions of the product or service;
 - (ii) any fees, charges and premiums applicable to the product or service;
 - (iii) when either the insurer or you may alter or end the arrangement and the likely consequences of this; and
 - (iv) whether a free look period is offered and if so, how long for. When a free look period is offered, it shall be a minimum of five business days for a single premium policy and ten business days for periodic premiums or the minimum required by law, commencing from the later of confirmation of the proposal by you or receipt by you of the policy description and statement of policy holder rights.
- (e) On request, we will help you establish your needs before you decide on a product or service.

10 statements and account information

- (a) Unless you request otherwise, at least every six months, we will make available to you records relating to your transactional accounts. These will be in printed or electronic form as agreed with you. They will be a record of all transactions since the previous statement. If you have a passbook account, this will be the only record of transactions you receive. If you require further records, there may be a cost.
- (b) For accounts where statements are provided, other than those described in clause 10(e) of this Code, those statements will show:-
- (i) for each transaction since the previous statement:-
- the amount of the transaction;
 - the date the transaction was paid into or withdrawn from the account;
 - the cheque number of any cheques paid out of your account; and
 - for Card transactions, Automatic Payments, Direct Credits, Direct Debits and other payments, reference to the party who is making or receiving the payment (if such information has been made available);
- (ii) any fees or charges relating to the operation of the account; and
- (iii) the contact details for making enquiries or reporting errors in the statement as soon as you find them.
- (c) We will inform you that as soon as you receive your statement, you should check all entries and report to us any apparent errors, discrepancies or transactions you have not authorised as soon as possible.
- (d) We will make sure that the electronic funds transfer systems we use record sufficient information on transactions so they can be traced, checked and verified.

- (e) Some products (for example, Term Deposits, loans, superannuation, unit trusts and life insurance) may have specific information reporting requirements, with which we will comply.

11 appendix

11.1 glossary

This glossary explains the meaning of words used in this Code and other common banking terms. They are not precise legal or technical definitions.

Acquiring Bank

The bank which provides Card payment services to a Merchant.

Automatic Payments

Arrangements by which Customers instruct their banks to make regular payments for a fixed sum from their account into another bank account.

ATMs (Automatic Teller Machines or Cash or Money Machines)

Electronic terminals that allow Customers to use Cards and PINs to access their accounts, withdraw cash, make deposits, transfer funds or access other services.

Bank Cheques

A cheque that is purchased from, and drawn on the account of a bank.

Bill Payments

A one-off transfer of funds from the paying customer's account to a pre-established payee's account, which is initiated by the paying customer. The paying customer decides the payment amount and the payment date for each payment and advises the paying bank, via their bank's telephone banking service, Internet Banking service or other means.

Branches

A term for a customer contact site which the customer can physically visit and carry out their general banking requirements. They may

also be called "representative offices", "pods", "outlets", "customer service centres", etc.

Cards

A general term for any Cards that can be used to pay for goods and services, or to access ATM machines or other electronic banking services such as EFTPOS.

Examples are:-

- (i) Credit Cards - Cards that allow Customers to buy on Credit and to obtain cash advances. Customers receive monthly statements and may pay the balance in full or in part, though there is usually a specified minimum payment.
- (ii) Charge Cards - similar to Credit Cards. They allow Customers to pay for purchases and, in some cases, to obtain cash advances. When the monthly statement is received, the balance must be paid in full.
- (iii) Debit Cards - Cards that can be used to access your accounts to obtain cash or make a payment at a point of sale. Customers' accounts are debited electronically for these transactions.
- (iv) Cash Cards - Cards used to obtain cash from ATMs.
- (v) Multi-Function Cards - Cards that combine more than one of these functions.

Chargebacks

The reversal by the bank of transactions made to Customers' Credit Card accounts which are found to be:-

- incorrect charges; or
- not valid charges; or
- not authorised charges; and
- notified to the bank within the required time limit.

Cheque Crossings

Ways of marking cheques to limit the ease with which they can be exchanged for cash. Limited protection will be given by parallel lines across the front of the cheque. This crossing provides only a very limited protection if the cheque is lost or stolen; essentially it means only that the cheque should not be cashed but should be paid into a bank account. This protection can be improved by writing the following words between the transverse lines:-

- account payee only; or
- not transferable.

Cheques - Not Negotiable

Cheques that have been marked with transverse parallel lines across the front with the words “not negotiable” usually written between the parallel lines. If cheques have been crossed in this way, and if they name the payee, or bearer, the person who has drawn it will have some limited protection if it is lost or stolen.

Cheques - Not Transferable/Account Payee Only

Cheques that have been marked with transverse parallel lines across the front, with the words “not transferable” or “non transferable”, or the words “account payee” or “a/c payee” (with or without the word “only”), usually written between the lines. Cheques crossed in this way are payable only to the party named on the cheque. Such cheques offer the greatest protection if they are lost or stolen as they must be deposited in an account in the name of the payee.

Cleared Balances

Available balances able to be withdrawn.

Commissions

Charges for providing services, for example, commission is charged by the bank when Customers buy or sell foreign exchange.

Credit

An arrangement by which the bank provides funds to a customer in exchange for a promise to repay at a later date, along with any interest and charges payable.

Credit Facilities

These may take several forms, for example, Overdrafts, loans secured against a given Security or unsecured loans.

Credit Reference Agencies

Companies that hold records of a Customer's Credit history.

Customers

As used in this Code, “Customers” means all Customers of a participating bank (generally referred to as “you” or “your” in this Code).

Debt Collection Agencies

Companies whose business is to collect debts from people who have failed to meet any obligation to pay.

Default Rates

Higher rates of interest charged when Customers draw funds from their bank without prior arrangement or when approved Overdraft limits are exceeded. Default Rates of interest may also be charged on Credit Facilities if scheduled repayments are missed.

Defaults

Failure to repay Credit or to meet other conditions that were promised or agreed to.

Direct Credits

Arrangements by which payments, such as salaries, are directly credited to Customers' bank accounts.

Direct Debit Initiator

The party who initiates a Direct Debit under a Direct Debit System from a customer's account at the customer's bank.

Direct Debits

Arrangements by which a customer authorises the bank to make payments directly from their accounts to a third party who has initiated the arrangement. The amounts can be fixed or variable. If variable, the Direct Debit Initiator must give prior notice to the customer of variations.

Disclosure Statement

Disclosure to Customers of financial and other information by banks as required by the Reserve Bank of New Zealand Act 1989.

Dishonoured Cheques

Cheques that are presented for payment and are not paid, leaving the person to whom the cheque is payable without the money.

EFTPOS (Electronic Funds Transfer at Point of Sale)

A method of payment by which Customers can use Cards to pay electronically for goods or services or to obtain cash.

Exchange Rates

The rates at which your bank will buy or sell foreign currency.

Finance Rates

This term is usually used in relation to a Credit Facility from a bank. In this context, it means the rate that indicates the total cost of the Credit Facility (interest plus any fees) as an annual percentage of the amount of the Credit Facility. Under the Credit Contracts Act 1981, this must be set out in writing on most loan agreements.

Fixed Rates

Rates of interest that stay the same, usually for a specified period of time.

Guarantees

Legal arrangements by which someone (the guarantor) promises to repay the debts of a Customer if that Customer Defaults in making

repayment.

Inform

As used in this Code, “inform” refers to any written (in electronic or paper form) or oral communications from banks to Customers, whether delivered in person or not, about any bank products or services.

Internet Banking

Means use of a computer or device to connect you to our Internet Banking systems via the Internet and carry out a range of transactions and obtain information about your accounts

Joint and Several

Relates to liability for obligations to a bank including under a joint account or Credit Facility where the liability lies with:-

- (i) all of the joint account or Credit Facility holders together; or
- (ii) any one or more of the joint account or Credit Facility holders individually.

An account or Credit Facility holder may also be jointly and severally liable with their guarantor.

Key Information Summary

A summary of the key features in the Disclosure Statement.

Merchants

Any suppliers of goods or services who accept payments by Card.

Overdrafts

The withdrawal of funds from bank accounts, to a greater total amount than a Customer’s Credit balance, with or without prior arrangement.

Passwords

A confidential combination of letters and/or numbers used by Customers to establish their right to access to their accounts.

PINs (Personal Identification Numbers)

Confidential numbers used by Customers to access their accounts via ATMs, EFTPOS facilities, the Internet and other electronic banking services such as telephone banking.

Reasonable Accommodation

Means necessary and appropriate modification and adjustments not imposing a disproportionate or undue burden, where needed in a particular case, to ensure to persons with disabilities the enjoyment or exercise on an equal basis with others who use our services. (This definition has been adapted from Article 2, Draft Convention on the Rights of Persons with Disabilities, Eighth session, New York, 14-25 August 2006).

Safe Custody

A service offered by some banks by which valuable items such as house titles, wills or share certificates can be deposited in a bank for safe-keeping, usually subject to a fee.

Security

The promising of assets (such as titles to property, life policies and shares) to banks as support for Credit Facilities granted to Customers. A mortgage document is a common type of Security, in which property is used as Security for a loan. If the Credit Facilities are not repaid, the bank's position is "secured", which means that it can sell the assets to meet the outstanding debts.

Special Answers

Customer requests for prompt clearance of cheques, usually subject to a fee.

Stop Payments

A term commonly used to describe the stopping of a cheque or some other types of payments.

Term Deposits (Investments)

A contract between a customer and a bank, whereby the customer lodges a deposit with the bank for a mutually agreed period of time. Banks pay a set rate of interest on these deposits. If the customer wishes to access funds before the maturity date, there may be a fee charged and/or interest penalty for breaking this contract.

Third-Party Security

Security provided by a person who is not the borrower.

Travellers Cheques

Specially printed cheques available for Customers to purchase, usually for use overseas, to obtain cash and pay for goods or services. Travellers Cheques are available in fixed amounts in a number of major world currencies. Security is maintained by signing the cheque at the time of receipt and adding a second matching signature on presentation for payment. A commission is generally payable on the purchase of these cheques.

Unauthorised Transactions

Items recorded on an account that have been made without the customer's authority.

Variable Rates (also known as "Floating Rates")

Rates of interest that may be changed during the period of borrowing. Often Variable Rates on borrowings by Customers are linked to a bank's base (or prime) rate.

Withholding Tax (Resident (RWT) and Non-Resident (NRWT)) and Approved Issuer Levy

Government taxes on interest income that banks and other interest payers must deduct from interest payments to residents and non-residents.

principal legislation and international banking standards**Principal Statutes Governing Banking in New Zealand**

Bills of Exchange Act 1908
 Cheques Act 1960
 Companies Act 1993
 Consumer Guarantees Act 1993 (does not apply to business Customers)
 Credit Contracts Act 1981
 Credit Contracts and Consumer Finance Act 2003
 Criminal Records (Clean Slate) Act 2004
 Electronic Transactions Act 2002
 Fair Trading Act 1986
 Financial Transactions Reporting Act 1996
 Human Rights Act 1993
 Investment Advisers (Disclosure) Act 1996
 Lawyers and Conveyancers Act 2006
 Minors' Contracts Act 1969
 New Zealand Bill of Rights Act 1990
 Partnership Act 1908
 Personal Property Securities Act 1999
 Privacy Act 1993
 Proceeds of Crime Act 1991
 Property Law Act 1952
 Protection of Personal and Property Rights Act 1988
 Reserve Bank of New Zealand Act 1989
 Securities Act 1978
 Securities Markets Act 1988
 Terrorism Suppression Act 2002
 Unclaimed Money Act 1971

Statutes Providing Access for Third Parties to Customer Information Held by Banks

Administration Act 1969

Child Support Act 1991
 Commissions of Inquiry Act 1908
 Companies Act 1993
 Customs and Excise Act 1996
 Fair Trading Act 1986
 Fisheries Act 1996
 Financial Transactions Reporting Act 1996
 Gaming Duties Act 1971
 Goods and Services Tax Act 1985
 Health and Disability Services (Safety) Act 2001
 Income Tax Act 2004
 Incorporated Societies Act 1908
 Industrial and Provident Societies Act 1908
 Insolvency Act 1967
 Law Practitioners Act 1982
 Mutual Assistance in Criminal Matters Act 1992
 Proceeds of Crime Act 1991
 Public Finance Act 1989
 Reserve Bank of New Zealand Act 1989
 Securities Act 1978
 Serious Fraud Office Act 1990
 Social Security Act 1964
 Student Loan Scheme Act 1992
 Summary Proceedings Act 1957
 Tax Administration Act 1994
 Terrorism Suppression Act 2002

International Accepted Banking Standards

International Chamber of Commerce setting out Uniform Rules for Collections.
 International Chamber of Commerce setting out Uniform Customs and Practice for Documentary Credits.
 ISDA - International Swap and Derivatives Association, Inc.

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participating banks

Members of the New Zealand Bankers' Association

ANZ National Bank Limited operating as:-

- ANZ Bank
- The National Bank of New Zealand

ASB Bank Limited

Bank of New Zealand

Citibank, N.A.

The Hongkong and Shanghai Banking Corporation Limited

Kiwibank Limited

TSB Bank Limited

Westpac Banking Corporation (New Zealand division)

Some subsidiaries and related companies of the above member banks are excluded from coverage under this Code. You may obtain a full list of such subsidiaries from the Office of the Banking Ombudsman.