

12 June 2025

Council of Financial Regulators
PO Box 2498
Wellington

SUBMISSION on Access to Basic Transaction Accounts Issues Paper

1. Introduction

Thank you for the opportunity to make a submission on the Access to Basic Transaction Accounts Issues Paper (the Paper). This submission is from Consumer NZ, an independent, non-profit organisation dedicated to championing and empowering consumers in Aotearoa. Consumer NZ has a reputation for being fair, impartial and providing comprehensive consumer information and advice.

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2. General comments on the Paper

We strongly support any measures aimed at improving financial inclusion and ensuring all New Zealanders have access to essential banking services.

We are concerned New Zealand has fallen behind other jurisdictions that have developed policy initiatives to improve access to basic transaction accounts.

Therefore, we think it is critical that any new initiatives are timely and genuinely consumer focused. Monitoring and enforcement will also be

crucial to the success of any new regime to improve access to basic transaction accounts.

3. Answers to questions in the Paper

Our answers to the questions in the paper are set out below.

Question 1: Do you agree this Issues Paper identifies the key problems associated with access to transaction accounts in Aotearoa New Zealand?

Yes, we agree the Paper identifies the key problems. In particular, we agree the barriers are widespread and systemic, particularly for recent migrants, older people, young people, people with disabilities, victims of family violence, those in rural areas and people facing bankruptcy or financial hardship.

We also agree with the Council of Financial Regulator's identification of Customer Due Diligence processes as a major pain point.

Question 2: Do you agree that efforts should be taken by banks and regulators to improve access to transaction accounts in Aotearoa New Zealand?

Yes, we strongly agree efforts should be taken by banks and regulators to improve access to transaction accounts in New Zealand. These accounts are crucial for ensuring people can fully participate in society.

Question 3: Do you agree with the definition of a basic transaction account used in this Issues Paper?

Yes, we agree with the definition. In our view a basic transaction account is a simple, low or no-cost bank account that provides essential banking services for everyday money management. Basic transaction accounts are designed to meet the needs of individuals who face barriers to accessing bank accounts and have reduced functionality to enable streamlined and simplified onboarding.

Question 4: Do you agree with our objective to improve access to transaction accounts through promoting the widespread availability of basic transaction accounts?

Yes, we strongly support this objective.

Question 5: Do you agree that all New Zealanders should have the right to access a basic transaction account?

Yes, we strongly agree that all New Zealanders should have the right to access a basic transaction account so they can make and receive payments and store or save money. Access to a basic transaction account is an essential utility, not just a commercial product.

Without such an account, New Zealanders are effectively excluded from the financial system, which can have far reaching consequences, including increasing their vulnerability to predatory alternatives and deepening inequities.

Guaranteeing the right to a basic bank account is a vital step toward a more equitable and inclusive Aotearoa.

Question 6: What features do you think a basic transaction account should have? (see page 30 of the Issues Paper for more information)

- *Simplified onboarding*
- *Transaction limits*
- *Balance caps*
- *No cost accounts and no minimum balance requirement*
- *No debt or overdraft*
- *Online payments*
- *Direct debit and automatic payment functionality*
- *No time limit or forced migrations to traditional bank accounts*
- *A formal refusal process for customers declined a basic transaction account*
- *Available via multiple access points (online vs in person)*
- *Other*

We support the list above. We also consider there should be no add-on products or upselling.

We note in Australia, under the Banking Code of Practice, 'basic bank accounts' have, at a minimum: no account keeping fees; free periodic statements (monthly or longer intervals); no minimum deposits; free direct debit facilities; access to an EFTPOS or debit card at no extra cost; free and unlimited Australian domestic transactions. The accounts also have: no informal overdrafts (except where it is impossible or reasonably impractical for the bank to prevent your account from being overdrawn); no dishonour fees; and no overdraft fees.

Question 7: Which of the following approaches do you think would be most effective in Aotearoa New Zealand to make basic transaction accounts widely available?

- *Regulatory requirements*
- *Industry-led*
- *Hybrid approach*

We strongly oppose an industry-led approach. The industry's past failures to act quickly and decisively in the interests of consumers—for example to introduce open banking and improve scam protections — means that clear, enforceable obligations are needed.

Also, as noted in the Paper, some banks have indicated they are unlikely to solve access to banking issues themselves without support or clarity on how basic transaction accounts could align with regulatory expectations, or transparency in measuring industry-wide efforts. Regulation would provide clear expectations and a level-playing field for all banks.

Therefore, we consider a regulatory approach or hybrid model would work best to ensure the objective is met.

Question 8: Do you have any suggestions on how to improve access to basic transaction accounts that are not outlined in the Issues Paper?

No comment.

Thank you for the opportunity to provide comment.

ENDS