

Dunedin Budget Advisory Service
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Thank you for the opportunity to provide our feedback into the market study of personal banking services submissions.

Dunedin Budget Advisory Service (DBAS) is a free and confidential service to Ōtepoti and beyond in Building Financial Capability. DBAS has been operating for over 50 years.

We support the submission made by FinCap and would like to give some colour on their following points:

Access to a bank account:

This restriction for many we work with comes in different forms –

1. No ID.

In our experience, there are various reasons for a person not having ID. Often this is due to having just been released from prison.

In this instance, a client is vulnerable to economic harm from others as W&I need a bank account number to put their benefit into. As such, the client must use someone else's bank account until such time they can get photo ID. This can often take weeks.

Obtaining photo ID for an ex-prisoner is not always straightforward. If that person is trespassed from W&I, the wait for phone appointments can take days. The process takes even longer if the person is also trespassed from banks. The ex-prisoner seems set up to fail immediately upon their release.

We understand that Westpac is working on a Pilot alongside Corrections on this mahi, however we firmly believe all banks should be working together on this important work.

2. Negative credit rating

When a person has a bad credit history this impacts their choices on whom they can bank with. It takes away their freedom to choose, which in turn, creates a power imbalance between them and their bank.

3. No fixed abode

Banks require proof of address in order for a customer to obtain a bank account. Many people we work with do not have a fixed address, ie, they live in their car, couch surf, are rough sleepers, etc. For these reasons they do not have a current utility bill or tenancy agreement in their name. It is impossible for them to provide the necessary documentation to the banks.

4. Insolvency

When we assist clients to go insolvent, one of the first questions we ask them is who they bank with. We know there are only 2 banks who will keep or take on, insolvent customers.

We find this carte blanche attitude from the other major banks shameful.

Insolvency is a last resort and along with financial benefits and consequences, it also has the same for mental health.

DBAS has some clients who cannot get another bank account once insolvent. In these instances the persons income has needed to be put into someone's account. This leaves the person concerned wide open to economic harm and the person receiving the income into their bank account, open to mistrust and temptation. They also then must take on the role of financier instead of being just a family member, friend or employer.

For one of the 2 banks who do take on or keep, insolvent customers, they penalise the customer even further by taking away the customers' debit card. This leaves the customer with only an EFTPOS card which prevents all forms of online transactions, even grocery shopping.

5. Digital exclusion

There was quite a bit of talk around this widespread issue a while ago and now we don't seem to hear much about it. DBAS can assure you the problem has not gone away.

Digital exclusion happens for a variety of reasons. The following ones are the types we deal with most:

- Age
- Location
- Abuse

There is no easy fix for digital exclusion, but we encourage banks to fund community services to assist the banks own customers overcome this barrier for many. We do note this barrier has been increased recently due to the banks themselves closing many branches. The branches which are still in operation now seem to be operating on reduced hours and less staff available.

We are disappointed there has been no firm commitment by banks to address the community needs in this area. At the time of writing a kaimahi of DBAS is still waiting for a community banking spokesperson to respond to their email after 2 weeks.

