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Council of Financial Regulators  
Kaunihera Kaiwhakarite Ahumoni  
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Wellington 6140

## **Submission on Issues Paper: Access to Basic Transaction Accounts**

Tēnā koutou

Age Concern New Zealand welcomes the opportunity to submit comments on the *Issues Paper: Access to Basic Transaction Accounts*. This topic is vitally important to us and many other charities providing essential services to New Zealanders within local communities throughout Aotearoa.

In principle, we support the problem definition, objectives and approach outlined in the Issues Paper about improving access to bank accounts for consumers, specifically people who are currently less able to access the formal financial sector.

It is every New Zealander's human right to have access to a bank account that enables them to carry out everyday banking activities such as payments, withdrawals and cash deposits. It is impossible to participate in society today without a bank account allowing an individual to receive money or financial benefits to which they are entitled, and to pay for the goods and services they need. We would hope to see some of those initially accessing basic transaction accounts moving over time from reduced onboarding requirements to full financial inclusion.

Age Concern New Zealand is very pleased to see action being taken to ensure people of all ages, including older people, who are currently excluded or underserved by the banking sector, to be able to access a basic transaction account with reduced onboarding requirements. The Issues Paper states on page 8 that the World Bank estimates about 50,000 adults are financially excluded in Aotearoa. This is a significant number of adults. It is concerning that the number is also known to be increasing. Although an age breakdown is not available, we assume a proportion of the unbanked population are aged 65 and above. Age Concern is focused on the rights, needs and contributions of this valuable cohort, hence our interest in providing feedback on your Issues Paper.

## About Age Concern New Zealand

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Age Concern New Zealand is a trusted charity working in local communities throughout Aotearoa New Zealand to support older people, their friends and whānau. We have 29 local Age Concerns operating in 40 locations throughout the country and a national office based in Wellington.

Our strategic goal is:

*Every older person feels connected, has positive choices and can age well.*

Our values of Dignity. Wellbeing. Equity and Respect for older people are our guiding lights and underpin everything we do.

Our core services include advocacy and public awareness, social connection, health promotion, elder abuse and neglect prevention, and providing support through expert information, advice and referrals.

We are proud of our heritage in standing up for the rights of older New Zealanders for more than 75 years. As an organisation, our focus is on contributing to the overall wellbeing of older New Zealanders.

## Our Comments

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Age Concern New Zealand is pleased to offer the following feedback to engagement questions raised in the Issues Paper.

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

Yes, Age Concern New Zealand agrees the Issues Paper identifies the key problems associated with opening transaction accounts including ID requirements, proof of address, complexities of paperwork, physical access and customer circumstances (Section 2, including page 11). These are all relevant issues that we hear of in our work with older people.

ID requirements with photo proof (such as driver's license and passports) are problematic as they are not used by many people of all ages with disabilities or all older people. People may never have driven or travelled overseas or have stopped doing so as they have aged or their medical conditions have worsened.

Most written correspondence is now online so having proof of ID is increasingly becoming a requirement when using computers and smart phones., This shift to online

communication further alienates those with disabilities and some older people who may not be confident or able to access complicated tools to prove their identity.

Customer circumstances will need to be taken into consideration by any deposit taker, as previous experience of a refusal to open an account reduces the likelihood of an older person trying again.

**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 definitely agree banks and regulators should make efforts to improve access to transaction accounts. Unless this happens, our society further alienates and excludes people whose ability to manage their lives is already challenging. Their lives become increasingly constrained if they cannot access money that they are entitled to or need to pay for goods and services. Efforts in Aotearoa to develop and maintain inclusive approaches is essential.

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

As far as we are able to assess the Issue Paper's definition of a basic transaction account it makes sense to us and appears sound, logical and clear. The international comparisons and approaches outlined in the text and Table 1 (page 19) are useful for clarity. They also demonstrate Aotearoa has been slower than many similar countries to make basic transaction accounts available to unbanked customers, It is positive that the introduction of basic transaction accounts is now being planned and we encourage implementation as soon as is practicable.

The diagram in Figure 2, page 18, provides a helpful overview in addition to the written explanation. The visual representation demonstrates clearly the differences between traditional and simplified onboarding processes, what the two pathways involve and the level of financial inclusion each pathway provides. We consider it is very important to remove the barriers to onboarding through a simplified process, while also managing the risk to deposit takers.

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

Yes, we applaud this basic transaction account initiative to provide a readily accessible option that is easy to operate.

We are interested to hear how the basic transaction accounts will be promoted so that unbanked individuals and communities learn about them and approach banks and deposit takers to open an account. People that have tried previously to open a bank account, in some cases multiple times, and been declined will be hesitant to try yet again. Older unbanked individuals will be amongst those who may be reluctant to approach deposit takers. Organisations such as Age Concerns and other charities can help to get information about changed banking options to their clients and shared through their networks.

***Situations we have encountered where individuals would benefit from access to basic transaction accounts include:***

- a. Older people in transition from hospital, prison or other places, who do not have ID and have insecure housing e.g. no confirmation of address or no address at all, or a future possible address but where they have not yet lived. Currently they require specific documents to open an account before they can receive a Work and Income payment (e.g. New Zealand Superannuation, Emergency Benefit).
- b. Older people with long term cognitive disabilities who could previously sign their own name on a cheque, for example, but do not use online technology but should still be able to access money for themselves as they had been able to do in the past.
- c. Older people who receive the small percentage of their government superannuation that is not used for a residential care subsidy while they are living in a rest home or aged care hospital. They still need to have an easily usable bank account they can access to pay for the items they need, such as haircuts, podiatry, hygiene products etc
- d. Older people brought to Aotearoa by their relatives already living here for family reunification purposes and to provide care for young grandchildren. Once they come to our country, older immigrants require an independent way of accessing money for themselves.
- e. Older people who are experiencing financial abuse / economic harm by relatives who have enduring powers of attorney who control and have removed the older person's money. Even where this can be legally challenged it involves months of court processes. In the meantime, the older person's New Zealand Superannuation payment needs to be redirected into an account in their own name in a different banking environment from where the abuse is taking place.
- f. Older unbanked people living rurally or remotely or in smaller towns where access to a bank is more difficult and limited or where branches may have closed, require access to a bank account and methods of payment.
- g. Victims of family violence who may need to open an account without that being known or accessible to their abuser so that they can leave a violent relationship.

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

Yes, Age Concern New Zealand agrees that all New Zealanders should have the right to access a basic transaction account.

This is a vital part of the human rights of people who in previous generations could make transactions in a cash-based society for income, payments and purchases. Moving to digital forms of currency has effectively made it increasingly difficult – or in some cases impossible – for some people to have a valid means of receiving payments and income. This subsequently means they lack a viable method to pay for goods and services. Because of the trend toward digital and online banking, having a bank account has become a necessity to survive in New Zealand society. Moreover, some of those who have difficulty obtaining money for their own use and who are unable to access bank accounts, are those who are already marginalised in our society. Not being able to access their own bank account increases their exclusion from society and their vulnerability.

**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)

Thank you for being so thorough in identifying these factors. We consider all of the features listed are very useful as they minimise barriers to accessing an account and create ways of receiving funds and making payments and withdrawals. The features also reduce the risk to deposit takers

The formal refusal processes listed above should include interaction with an agency who has an interest and existing link with the person being refused. Homeless people, for example, are usually known to an outreach agency (like a City Mission, Downtown Community Ministry, Salvation Army, Iwi Social Service).

**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 support regulatory requirements as the most effective approach in Aotearoa. Regulation will help to ensure that these basic transaction accounts are in place for the long term and cannot be stopped. Older people experienced harm when banks stopped issuing cheques and closing branches during and after Covid-19 lockdowns.

Industry-led and voluntary approaches lead to inconsistent and variable application, regardless of intention. This would mean unbanked people living in different areas of the country or seeking a basic transaction account with a particular deposit taker rather than another may remain unbanked. The Issues Paper outlines that access to transaction accounts is a serious issue in Aotearoa (page29). It also states that 'Banks have not been consistently or proactively identifying customers who might be eligible for low or no-fee accounts' (Page 24). Both of these statements are evidence that support the need for a regulatory requirement approach

At a minimum, a hybrid model may work but regulation definitely needs to be included in the approach.

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

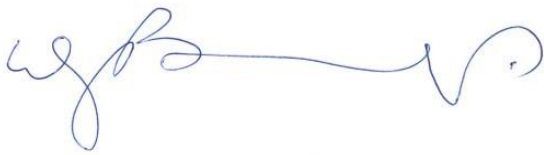
- a. Enable a reputable organisation independent of the older person or their family, paid or informal carers and enduring powers of attorney; to be consulted should any questions of misuse / financial abuse be observed by banks. Elder Abuse Response Services, for example, are independent of relatives or service providers (e.g. home care or residential care providers) and can provide a link between the account holder and the bank where questions of abuse are raised.
- b. We strongly recommend that staff training and development processes are developed and delivered that ensure unbanked individuals and entities receive the correct response across Aotearoa when they seek to onboard with reduced requirements. This will be crucial to the success of any changes.

## Closing Comment

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Thank you again for the opportunity to provide our submission on the *Issues Paper: Access to Basic Transaction Accounts*, we are very interested to hear the outcome of the consultation process.

Nāku noa, nā,



Karen Billings-Jensen  
Chief Executive  
Age Concern New Zealand