

It's over between us.

Dear CommBank, ANZ and Westpac,

This is a really difficult letter for me to write. I think we all know this has been coming. For a long time now, my friends have all been telling me I could do a lot better for myself. That they don't like how I act when I'm around you. Deep down though I really feel that we've just grown apart.

I've decided I need to break up with you.

Honestly, it isn't you...it's me. I've changed. I've moved on. Maybe I should have left you months ago. I don't really want to get into the messy details... but then you do deserve an explanation.

It's not just one thing that got me to this place - remember when you tried to convince anyone who'd listen, your customers had a great standard variable rate on home loans, but actually it was me, who offered my customers the lowest of the major banks for the last 18 months. Me. Not you. Me. That really hurt.

There was also that time when I abolished all those annoying fees. I'm sure your customers hoped you would too. My customers saved around \$220m - yours didn't. They should hate.

I also can't forget the way you treated Australian business when times were tough. Personally, I think it sucked that you just weren't there for them like I was.

And you know what? Having the most ATMs out there doesn't really help customers if they're all crammed together. I mean would it hurt you to try and spread them out, just a little?

Look I'm sorry. I shouldn't lash out at you like that. I don't want to make this any harder than it has to be. I know I'm not perfect either. But at least I'm really trying to be a better bank for my customers.

I just think it's probably best for everyone if we give each other some space right now and make a clean break. Nobody wants to make a scene.

NAB

PS: You probably shouldn't call either.

Findings

1. Almost all of the findings of the 1999 Committee of Inquiry into Financial Services in Fiji regarding the banking sector still remain true today, and more needs to be done to implement the recommendations of the Committee
2. The banking sector is highly uncompetitive

3. Profits as a percentage of total assets are between 15 to 20 times more in Fiji than for the four major banks in Australia with interest income 11 times greater and fee and commission revenue eight to 10 times greater, but bad and doubtful debts are lower in Fiji
4. The interest spread is higher than in the developed neighbours and immediate island neighbours
5. The penalty fees on overdraft excess and dishonoured cheques is exorbitantly high

6. The regulator has a set of guidelines on the form and content of disclosure by banks in relation to fees and charges. Most consumers are not aware of this disclosure guideline. Some bank branches do not display their disclosure brochures on fees and charges as mandated by the guidelines
7. The ABIF has made an attempt to tabulate comparative information on fees and charges but gaps in the table make comparisons impossible

8. For an average customer who wishes to maintain a single account to both save and engage in transactions, there are difficulties encountered. No bank provides an account where the customer could earn an interest on the account even if there are positive savings every month. In fact, the customer will lose money.
9. Those wishing to transfer money within Fiji using banks also have to suffer high costs if they use facilities other than FijiClear.

10. There is a lack of public awareness about the Consumer Credit Act of 1999. Also, the Consumer Credit Office proposed in the Act has yet not been established.
11. The fees charged for loan approval and establishment is high and arbitrary and vary between banks.
12. Using the fee disclosure brochures, it is difficult to compare products such as Home Loans from different banks.

13. The time taken for loan approvals varies between and within banks. Where timelines exist, these are seldom followed.
14. Customers wishing to switch banks in order to take advantage of better products from other banks face restrictive financial and administrative hurdles.

15. Complaints from customers about banking services are received by respective banks, the CCoF and the RBF. These complaints relate to customer service, fees and charges, lending contracts and other miscellaneous items.
16. Thirteen percent of those customers surveyed had complaints with their banks. Most of these complaints related to poor service, high fees and charges, long waiting times, and not getting bank statements. A majority approached their bank to resolve the complaint.

17. Many customers are not informed about the terms and conditions when they open an account or take a loan, and many existing customers are not always notified of changes to terms and conditions, fees and charges, and interest rates.
18. A large percentage of those who seek information about products and services from their bank are dissatisfied with the quality and timeliness of the information received.

19. A large percentage of customers do not receive bank statements regularly and many have encountered errors on their statements.
20. The cost of visiting a bank branch especially for the rural population is high.
21. Waiting times at queues are long, it takes bank officers too long at times to serve customers at the counter, and waiting facilities at some branches are poor.

22. Customers have difficulties finding an ATM at times, many find waiting times long, and a significant proportion find ATMs unoperational many times.
23. Some customers are not advised about the best account to suit their needs when they open one.
24. Many customers encounter difficulties when they wish to open an account.

25. Banks make it difficult to close an account.
26. The RBF's policy guideline on complaints management is a good first attempt at improving banking services for the benefit of consumers but needs refinements and additions.

Recommendations

1. Section 5.2.1 of the Policy Guideline on Complaints Management should read:
LFI's should resolve complaints received no later than 21 days from the receipt of the complaint unless legal proceedings are required.
2. The Reserve Bank's Policy Guideline on Complaints Management should include a provision for the payment of a just and fair compensation to complainants whose complaints are successful.

3. Both new and existing customers must be informed in writing about the complaints handling policy of banks and about where to submit enquiries, complaints and disputes.
4. The RBF should collate complaints filed with the banks, CCoF, and RBF, diagnostically analyse the complaints, and publish the analysis.

5. The membership composition of the advisory group established by the RBF should be more certain and also include expertise in financial services. The advisory group should elect its own Chair who should not be a staff of the RBF.

6. The RBF should consider placing the consumer complaints unit under a different reporting structure from that of prudential supervisors under the headship of a separate senior/chief manager. This unit should also take responsibility for the Consumer Credit Act. The Unit should be called the Financial Ombudsman Office
7. The CCoF should write formally to the Commerce Commission requesting an investigation into the fairness of the levels of interest rates charged and paid and the fees and commissions levied by banks.

8. The RBF should check compliance with disclosure of fees, commissions, charges and interest rates more often and without notice. No 30 day grace period should be given. The penalty under Section 15 of the Banking Act 1995 should be increased.
9. The form and content of disclosure in the RBF's directive on disclosure should include disclosure on individual bank websites and the website of ABIF.

10. The Reserve Bank's directive on disclosure should be displayed at all bank branches, on all bank websites, on the RBF website and on the ABIF website.
11. To incentivise savings, banks should consider combining features of transactions accounts with savings accounts, publish all terms and conditions of accounts, and not publish any conditions in small print.
12. The RBF should publish a periodical magazine to educate consumers about financial products and services.

13. The RBF should review its BSP No 8 on disclosure guidelines to ensure that the disclosure by banks is complete, unambiguous, and enables consumers of banking services to effectively compare all banking services.
14. The RBF should make it mandatory for banks to disclose the terms and conditions of all loans in the same manner as the disclosure of fees and charges.
15. The RBF should investigate the administrative and financial barriers to switching banks to enable smoother and cheaper switching of products and services between banks.

16. Banks should ensure that their benchmarks for loan approvals are adhered to. The benchmarks should be included in the ABIF Code of Conduct.
17. Banks should be required by the regulator to justify the amount of all the fees and charges they levy.
18. Banks should always notify all their customers of changes to terms and conditions, fees and charges, and interest rates

19. Banks should be required to fully and properly explain the terms and conditions to the customer before any contract is signed and to ensure that all terms and conditions are unambiguous.
20. Banks and other Licensed Credit Institutions should be required by the regulator to adequately warn customers if they are in default. This warning should also inform the customer of the possibility of the default being reported to the Data Bureau if the default is not addressed within a specified period of time. When the default is actually reported to the Data Bureau, the customer must be promptly informed.

21. Banks should be required by the regulator to set timelines for the execution and finalisation of significant transactions and to ensure that the timelines are honoured.

Thank you