



**AUSTRALIAN BANKERS' ASSOCIATION INC.**

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Mr Peter Hallahan  
Committee Secretary  
Senate Economics Committee  
Department of the Senate  
Parliament House  
CANBERRA ACT 2600

Email to: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

Dear Mr Hallahan,

**Australian Securities and Investments Commission (Fair Bank and Credit Card Fees) Amendment Bill 2007**

I understand that the Committee's report on the subject Bill will be published on 17 September. Since the ABA made its submission to the Committee on 30 August, a further three banks have announced further changes to their product offerings which will be relevant to the Committee's deliberations on the Bill. With these changes, all the major banks, as well as a number of other ABA member banks, have made changes to their products.

These changes demonstrate that the market based approach is effectively promoting a dynamic and competitive banking market, which in turn delivers benefits to consumers. The most recent changes are summarised below.

The Commonwealth Bank will remove the Overdrawing Account Fee on its Pensioner Security transaction account, from 1 November 2007, and revise its Basic Bank Account offering early in 2008.

ANZ has released two policies which provide clear commitments to its customers about the way exception fees are charged and disclosed on ANZ accounts, as well as measures to help them avoid them altogether.

The policies, which relate to consumer credit cards and consumer transaction and savings accounts, commit ANZ to:

- full disclosure - ensure the disclosure of exception fees remains clear, simple and accessible;
- keep fees simple by charging a single flat amount (\$35) for all exception fees (except where a reduced fee (\$10) applies for customers on a concessional account);

- helping customers to avoid these fees - for example by allowing customers to switch off the ability to overdraw their transaction account or exceed their credit card limit on electronically authorised purchases and cash transactions, and by providing regular advice to customers who incur these fees on ways they can avoid them; and
- applying exception fees fairly - including not charging a customer for the first exception fee they incur if they contact ANZ to discuss the fee and not charging more than one credit card over limit fee in any one monthly statement cycle.

The ANZ Exception Fees Policies are available at:

[www.anz.com/Documents/AU/Aboutanz/270807ExceptionFeesCC.pdf](http://www.anz.com/Documents/AU/Aboutanz/270807ExceptionFeesCC.pdf)

[www.anz.com/Documents/AU/Aboutanz/270807ExceptionTransAcc.pdf](http://www.anz.com/Documents/AU/Aboutanz/270807ExceptionTransAcc.pdf)

The National Australia Bank has announced that it will no longer charge Concession Card accountholders over limit exception fees on their NAB credit card. NAB will also introduce new accounts with a range of options, such as: no monthly account keeping fees; allowing customers to use any ATM in Australia without incurring non-NAB ATM fees and an account with no exception fees. From early 2008 NAB will also lower, or eliminate, dishonour fees.

Please see the following web link for the NAB's published media statement:

[http://www.nab.com.au/About\\_Us/0,,89436,00.html](http://www.nab.com.au/About_Us/0,,89436,00.html)

[http://www.nab.com.au/Personal\\_Finance/0,,83417,00.html](http://www.nab.com.au/Personal_Finance/0,,83417,00.html)

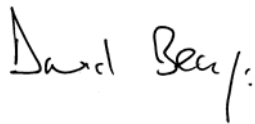
<http://www.nab.com.au/smart>

Westpac also announced that they will lower exception fees including the outward dishonour fee and account overdrawn fee on Basic Accounts and selected Youth and Student Accounts to \$10.

I have also attached the ABA's most recently updated fact sheet on Exception fees for your information.

I would be grateful if the Committee would consider publishing this letter in conjunction with its Report.

Yours sincerely



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**David Bell**

Enclosure:

(1) ABA Fact Sheet on Exception Fees



AUSTRALIAN BANKERS' ASSOCIATION INC.

## Fact Sheet

### Exception Fees

#### Background

In May 2007 the Australian Bankers' Association (ABA) and member banks undertook to provide improved information on exception fees, in response to community debate.

This industry Fact Sheet is an important part of that process.

Individual banks have already responded by publishing more information about their own particular policies and products, and agreeing to review the terms and conditions of those policies and products.

Transparency of fees is prescribed under the industry's own Code of Banking Practice. The ABA believes it is beneficial to enhance community understanding about exception fees, and fully supports competitive fee offerings by individual member banks.

Disclosure of fees by Australian banks is mandated by Government legislation. The ABA has had discussions with the Australian Securities and Investments Commission (ASIC) regarding exception fees. ASIC has informed ABA that it welcomes the industry's initiatives aimed at ensuring an effective level of disclosure to customers about exception fees.

The information in this Fact Sheet will assist the community to get the most out of banking services. Improved disclosure means consumers have real choice when considering exception fees, which in turn is likely to foster market-based outcomes that benefit bank customers.

#### What are exception fees?

Exception fees are disclosed in the account terms and conditions and may be charged when there are insufficient available funds to cover a transaction, resulting in a dishonour or approval to overdraw, credit card payments are late, or credit card limits are exceeded.

#### Fee-free accounts available

Some banks already offer selected accounts for eligible customers where exception fees are waived or capped. Others offer accounts designed to virtually curtail the eventuality of exception fees.

The table below provides an overview.

<b>Overview of member banks' low fee or exception fee free accounts</b>		
<b>Bank</b>	<b>Account Name</b>	<b>Comments</b>
Adelaide Bank	Concession Express	The Concession Express account carries no cheque or credit facilities, so most standard exceptions cannot eventuate. Inward cheque and direct debit dishonour fees may apply.
ANZ Bank	ANZ Access Basic	Effective 7 August 2006, ANZ capped at \$10 any exception fees incurred by eligible holders of Access Basic Accounts. From 1 December 2007 ANZ will also cap exception fees on ANZ credit cards held by ANZ Basic Account holders.
Bank of Queensland		In some cases, BOQ provides concession/waiver for customers who overdraw their account by a small amount. The Bank provides tips on managing exception fees at its website.
Bankwest	Fee Saver Basic	The Fee Saver Basic account carries no cheque or credit facilities, so most standard exceptions cannot eventuate. Overdrawn account fees may apply. Its website contains a section on how to avoid bank fees and it has produced a leaflet which is available in branches.
BankSA	Concession Account	BankSA has capped at \$8 any exception fees incurred by eligible holders of Concession Accounts.
Bendigo Bank		Branch managers have discretion to waive exception fees on a case-by-case basis. No special exception fee account is available.
Citibank		The Bank provides tips on how to avoid exception fees on its website.
Commonwealth Bank	Ezy Action	Where the Ezy Action account allows customers to overdraw their account by a small amount no overdrawing exception fee is charged.
	All transaction accounts	From June 2007, inward dishonour fees are no longer charged on any transaction account product.
	Pensioner Security Account	From November 2007, customers with a Pensioner Security Account will no longer

Overview of member banks' low fee or exception fee free accounts		
Bank	Account Name	Comments
		<p>be charged an Overdrawing Approval Fee (honour fee).</p> <p>CBA also provides tips on managing exception fees at its website and will be announcing further initiatives in relation to exception fees in early 2008.</p>
HSBC		No special exception fee account is available. The Bank provides tips on managing exception fees at its website.
National Australia Bank	<p>Concession Account</p> <p>NAB Smart Everyday Banking accounts</p> <p>Fee cuts</p>	<p>NAB has offered eligible customers a Concession Card Account, which is free of exception fees, since September 2006.</p> <p>From November 2007, customers with a Concession Card Account will no longer be charged over limit exception fees on their NAB credit card. NAB will also remove the ability to overdraw the card on electronic purchases.</p> <p>Commencing October 2007, NAB will launch four new accounts that include a range of options, including: no monthly account keeping fees; allowing customers to use any ATM in Australia without incurring non-NAB ATM fees and an account with no exception fees.</p> <p>From early 2008 NAB will lower its outward dishonour fee (the fee charged for NAB customers without insufficient funds) from \$50 to \$30 and eliminate the inward dishonour fee, or charge \$12 for credit cards only).</p>
St George Bank	Concession Account	St George has capped at \$8 any exception fees incurred by eligible holders of Concession Accounts.
Suncorp		In some cases Suncorp provides a concession for customers who overdraw their account by a small sum. The Bank also provides tips on managing exception fees at its website.

### Overview of member banks' low fee or exception fee free accounts

Bank	Account Name	Comments
Westpac	Basic and selected Student and Youth Accounts	For Westpac Basic Accounts and selected Student and Youth Accounts, these fees will be \$10, effective 20 August 2007.

*'Concession Account' or 'Basic Account' typically refers to a Government concession card account, based on the customer holding a Commonwealth Pensioner Concession Card, Centrelink Health Care Card, Commonwealth Seniors Health Care Card, Department of Veterans Affairs Card or equivalent.*

Further information on member banks' products in relation to exception fees is available at each bank's website, listed at the end of this Fact Sheet.

### How to avoid exception fees

Exception fees are avoidable.

In most cases, these charges can be easily avoided by careful management of your finances. It is important to check your account balances before making payments, and review your banking habits to identify where exception fees might occur.

To assist customers, banks provide easily accessible information that helps customers monitor their account balances and keep track of payments.

### Tips on how to avoid exception fees

There are different options available to you depending on your bank and the type of account you hold.

For example:

- choose the right account that suits your transaction and saving needs; for example, if you regularly need to exceed your account balance choose one that has an overdraft or can access another type of credit facility
- check your account balance via an ATM, internet banking or telephone banking if you are not sure of the account balance before making a transaction
- consolidate your accounts to help you keep track of your funds more easily
- have your salary credited into the same account as your direct debits
- create a budget and plan your outgoing spending so that your financial commitments match your incoming funds
- be mindful of direct debits and ensure you have sufficient funds in your account to cover them; reschedule payments if you expect your balance is not enough
- when you receive your credit card statement, take note of the due date and ensure that any payment is made on or before that date
- when paying from an external source (e.g. another bank using external transfer), ensure that you allow for any processing period that may apply
- keep a small balance in your account to cover unexpected withdrawals
- check your credit card limit before making large purchases

- set up a due date to process a payment at least one day after scheduled payments of cleared funds are made to the account
- check incoming amounts have been received on time and that the correct amount has been deposited and cleared, especially if you are relying on these to make payments
- pay your mortgage, credit card or personal loan instalments by the due date; set up a regular automatic payment into your credit card to ensure that at least your minimum monthly payment is made on time
- instruct your bank to switch off the ability to overdraw the transaction account via Internet, Phone Banking, EFTPOS, and/or ATMs so that you cannot incur an exception fee when using these payment methods
- instruct your bank to switch off the ability to exceed your credit card limit on electronically authorised purchases and cash
- ask to receive a SMS alert for both successful and missed transactions
- ask for a 'sweeps' facility to automatically transfer funds from another account when a direct debit is presented which may overdraw the account

Customers should check their bank's website to understand the bank's policy on exception fees, including the *Terms and Conditions* and *Product Disclosure Statement*.

Many banks also provide information on their website giving tips on how to avoid exception fees (see links below).

### Learn more

Read more from your bank by accessing the following web pages:

#### Adelaide Bank:

[http://www.adelaidebank.com.au//fees\\_and\\_charges/index.html](http://www.adelaidebank.com.au//fees_and_charges/index.html)

#### ANZ:

[www.anz.com/Documents/AU/Aboutanz/270807ExceptionFeesCC.pdf](http://www.anz.com/Documents/AU/Aboutanz/270807ExceptionFeesCC.pdf)

[www.anz.com/Documents/AU/Aboutanz/270807ExceptionTransAcc.pdf](http://www.anz.com/Documents/AU/Aboutanz/270807ExceptionTransAcc.pdf)

<http://www.anz.com/Documents/AU/feecharge/ExceptionFeeWebpage.pdf>

#### Bank of Queensland:

[http://boq.com.au/exception\\_fees\\_policy.htm](http://boq.com.au/exception_fees_policy.htm)

#### BankWest:

[http://www.bankwest.com.au/Fees/How\\_to\\_avoid\\_Bank\\_Fees/index.aspx](http://www.bankwest.com.au/Fees/How_to_avoid_Bank_Fees/index.aspx)

#### BankSA:

[http://www.banksa.com.au/media\\_centre/news/news\\_archive.asp?id=246](http://www.banksa.com.au/media_centre/news/news_archive.asp?id=246)

<http://www.banksa.com.au/accounts/fees/minimise.asp?orc=personal&WT.ac=Front-Right-howtominimisefees-July07>

**Bendigo Bank:**

[http://www.bendigobank.com.au/public/terms/fees\\_and\\_charges.asp](http://www.bendigobank.com.au/public/terms/fees_and_charges.asp)

**Citibank:**

[http://www.citibank.com.au/global\\_docs/onlinetools/all\\_rates\\_frameset.htm](http://www.citibank.com.au/global_docs/onlinetools/all_rates_frameset.htm)

**Commonwealth Bank:**

<http://www.commbank.com.au/personal/daybanking/MinimisingFees.asp>

**HSBC:**

<http://www.banking.hsbc.com.au/information/news/070629.html>  
[http://www.hsbc.com.au/1/PA\\_1\\_2\\_S5/content/australia/common/pdf/personal/exception-fees-report.pdf](http://www.hsbc.com.au/1/PA_1_2_S5/content/australia/common/pdf/personal/exception-fees-report.pdf)

**National Australia Bank:**

[http://www.nab.com.au/About\\_Us/0,,87884,00.html](http://www.nab.com.au/About_Us/0,,87884,00.html)  
[http://www.nab.com.au/Personal\\_Finance/0,,83417,00.html](http://www.nab.com.au/Personal_Finance/0,,83417,00.html)  
<http://www.nab.com.au/smart>

**St George Bank:**

[http://www.stgeorge.com.au/media\\_centre/news/default.asp?orc=media](http://www.stgeorge.com.au/media_centre/news/default.asp?orc=media)  
<http://www.stgeorge.com.au/accounts/fees/minimise.asp?orc=personal&WT.ac=Front-Right+howto+minimise+fees->

**Suncorp:**

[http://www.suncorp.com.au/suncorp/banking/personal/exception\\_fees.html](http://www.suncorp.com.au/suncorp/banking/personal/exception_fees.html)

**Westpac Banking Corporation:**

<http://www.westpac.com.au/internet/publish.nsf/Content/WICRCU+Helping+you+avoid+or+minimise+fees>

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