

Pānui July 2020

Contents

Pānui July 2020	1
Changes to our newsletter schedule	2
Regional Hui dates and registration process	2
Reminder about COVID-19 website Financial Support page	2
ERANZ power credits	3
Reminder about Centrix process	3
What's happening in the consumer credit space	4
The law has finally changed!	4
Training on the changes to consumer credit law	4
Consumer Credit and COVID-19	4
Changes in payday lending sector	5
Community Law Manual – applications open	6
ASB changes to branches	7
Reminder about Hardship contacts	8
Work and Income escalation process	8
MoneyTalks social media	9
MoneyWeek 2020	9
Thanks for people for attending Zoom meetings.	9

Changes to our newsletter schedule

COVID-19 has given us a good opportunity to reflect on our communications out to Financial Mentors and the managers of financial capability and budgeting services.

We have never been that happy with the shape of the FinCap newsletter or Pānui. It's been very big and clunky and hasn't quite reflected how we want to communicate with you.

Our emails going forward will be focused on particular types of information:

- Panui – once a month – focusing on notices relevant to Financial Mentors and their practice.
- Training newsletter – every two months – updates from the Training team.
- FinCap update – quarterly – focusing on what FinCap has been up to.
- Stakeholder newsletter – quarterly – email to stakeholders highlighting great things happening at FinCap and in our sector.
- Email to managers – as and when necessary – information directly to managers for information that is only relevant to them.
- Client Voices update – every two months – to Client Voices users.

Between these scheduled emails we may have special and timely information that we want to send out for example information about the funding increase to services.

Regional Hui dates and registration process

Regional Hui are back on! We are planning the Regional Hui for September 2020. Details will be released soon. Watch this space!

Reminder about COVID-19 website Financial Support page

The Government's COVID-19 website has lots of information about the financial support available to people impacted by COVID-19

<https://covid19.govt.nz/business-work-and-money/>

You can find out about:

- The Wage Subsidy and Leave Schemes (note the Wage Subsidy is ending in September)
- Redundancy Support
- Protection for renters and tenants
- Mortgage repayment deferral scheme.
- Support for foreign nationals
- Support for businesses

ERANZ power credits

138 financial capability and budgeting services have signed up to the Electricity Retailers Association of New Zealand Scheme power credits scheme.

The scheme gives access to \$120 credits to clients of financial capability and budgeting services that meet a set of criteria set by ERANZ.

While most services have signed up to the scheme uptake of the credits has been slow.

We encourage all Financial Mentors that are part of services that have signed up the scheme to apply for credits on behalf of their clients.

Reminder about Centrix process

Centrix, the only New Zealand owned credit reporting agency, have agreed to give Financial Mentors free access to credit reports for your clients.

Financial Mentors need to sign up to get access to the Centrix system by filling out a User Application form. Download this from our Resources page on Te Papa Hou under Budgeting and Client Management. <https://tepapahou.co.nz/resources/>

This is a one-off requirement.

FinCap will need to verify if you are a Financial Mentor through our database of Financial Mentors. We will then send your application to Centrix. If you are not registered with FinCap you will need to fill out a Financial Mentor Registration form - <https://www.fincap.org.nz/financial-mentor-registration/>

Applications for access to credit records needs to be sent to creditreport@fincap.org.nz.

To access a client's credit record your client will need to sign our new Privacy Waiver (with a tickbox about credit reporting). This can be downloaded on our Resources page on Te Papa Hou.

What's happening in the consumer credit space

The law has finally changed!

New restrictions on consumer credit have been introduced including the:

- Introduction of penalties and statutory damages for breaching Lender Responsibilities Principles – introduced on 20 December 2019.
- 100% repayment limit on high cost loans – introduced on 1 May 2020.
- 0.8% a day limit on high cost loans (defined as over 50% per annum) – introduced on 1 June 2020.

Further changes can be found on the following link: <https://bit.ly/3er9XRr>

Regulations on affordability assessments will be introduced after 1 October 2021. They are delayed because of COVID-19. These changes will have a significant impact on how borrowers are assessed for affordability.

Training on the changes to consumer credit law

FinCap has been working with the Commerce Commission to roll out training to Financial Mentors about these changes, so that you can support and advocate for your clients with consumer credit debt.

We have been working with the Commerce Commission because of the complexity of the changes. Their training is being designed by a team of lawyers, investigators and credit advocates.

The training will take place in person around New Zealand and through webinars in October and November 2020.

More information will be in the August Training newsletter.

Consumer Credit and COVID-19

MBIE have made changes to the Responsible Lending Code to clarify expectations around hardship and lending in the COVID-19 environment. The changes outline the types of inquiries that a lender should do if a borrower requires payment relief in the context of uncertainty and disruption caused by COVID-19.

The addendum can be found at the following link: <https://bit.ly/2WkBXzH>

The Commerce Commission has issued guidance to borrowers to support people through the impact of COVID-19. The guidance can be found here: <https://bit.ly/3fyIShl>

Changes in payday lending sector

Since the high cost lending restrictions have come into place there have been a number of positive changes in the high cost lending space.

Outcome of Ferratum case

High-cost lender Ferratum New Zealand has admitted breaching responsible lending provisions of the Credit Contracts Consumer Finance Act 2003.

Ferratum admitted that between June 2015 and October 2018 it breached the CCCF Act in respect of the 46 named borrowers by:

- failing to make reasonable enquiries as to those borrowers' requirements and objectives
- failing to exercise reasonable care in advertising loans
- failing to assist those borrowers to reach informed decisions as to whether or not to enter into loans

They have reached a settlement with the Commerce Commission.

Ferratum are no longer issuing loans in New Zealand.

Find out more about the case on the Commerce Commission's press release here:

<https://bit.ly/3fuEfnJ>

Pretty Penny moving out of New Zealand

Australian high-cost short-term lender Quadsaa Pty Limited (trading as Pretty Penny and PPL) has undertaken to write off all outstanding loan balances in a settlement agreement with the Commerce Commission.

After indicating that Pretty Penny is no longer lending in New Zealand, it has also signed court-enforceable undertakings that it will no longer advertise for, invite or enter into consumer loans in New Zealand, and it will not provide any information about borrowers to third parties (except where required by law).

In addition to writing off all outstanding loan balances at the time of its removal from the Companies Register, Pretty Penny will refund the full cost of borrowing to 21 borrowers named in the Commission's Statement of Claim against it, filed in the High Court in August 2019.

Find out more about the case on the Commerce Commission's press release here:

<https://bit.ly/2WixkGE>

Lenders moving out of payday lending sector

We have noticed several lenders moving out of the high cost credit area (to just below 50% per annum) including:

- Cash Converters
- Credit Corp Financial Services – trading as Wallet Wizard
- Friendly Loans Limited
- Linsa finance ltd
- Moneyshop
- Save my Bacon

Please let us know if you have noticed any other lenders moving below the 50% per annum threshold.

Community Law Manual – applications open

Wellington Hutt Valley Community Law are currently doing pre-orders for the Community Law Manual (2020-21).

By bulk ordering through FinCap you can get better prices for the manual.

The prices with postage are:

- If FinCap receives more than 10 orders – \$142.50 (+GST)
- If FinCap receives more than 20 orders - \$132.50 (+GST)
- If FinCap receives more than 50 orders – \$122.50 (+GST)
- If FinCap receives more than 50 orders – \$107.50 (+GST)

The orders will be placed by FinCap in September 2020. We will send a confirmation to you before we place our final order. You will then be posted the Community Law manual from Wellington Hutt Valley Community Law.

Read more about what's new for 2020 and complete the form in the link using the link below order your Community Law Manual for 20202.

Invoicing and postage will be handled by Community Law.

<https://www.fincap.org.nz/order-your-community-law-manual/>

ASB changes to branches

ASB Bank is closing a number of branches around New Zealand.

More information about these branch changes can be found on their website.

<https://www.asb.co.nz/contact-us/branch-changes.html>

The branches that are closing are Auckland Hospital, Parnell, Ronwood Avenue, Ellerslie, Waikato University, Barrington, Mosgiel, Mt Albert and Papamoa.

They are also changing the operating hours of 25 branches which will become three-day operations; opening on Monday, Tuesday and Friday, from 9am to 4:30pm.

How are ASB is looking after their customers facing vulnerable situations?

They are proactively calling customers who visit the branch more than once a month, who are aged 65 years and over, and who:

- Do not use our digital services, or
- Have Power of Attorney flagged on their accounts, or
- Do not speak English as their first language.

Priority Line and Priority Hour

They have now made the Priority Line for customers aged 65-years and older a permanent fixture in our contact centre. We have also formalised the Priority Hour in all branches, from 9am – 10am on their weekday opening days. The Priority Hour is designed not only for customers aged 65+, but all those who need more support when engaging with ASB.

Better Banking workshops

To help customers who are new to banking online and via mobile services, they are offering workshops, in partnership with Age Concern New Zealand.

During the workshops, they will demonstrate our self-service options including mobile and online banking, ATM and phone banking, and answer any questions customers may have.

These workshops are not limited to older customers, they are being designed with the needs of all ASB's customers in mind.

'How to' videos

They have produced an additional ten videos that outline frequently asked questions from customers who are not already familiar with our online or mobile banking channels. They are aware that some customers ask their family and friends for assistance with online banking services, and this is reflected in our new videos which will be published next week on our website. These videos are supported by printable PDF guides.

Reminder about Hardship contacts

FinCap is building a list of contacts for Financial Mentors to use when they want to contact government departments or companies about issues that their clients are facing.

When we receive new information from companies or departments, we add them to this list.

The list can be found on Te Papa Hou under resources.

<https://tepapahou.co.nz/resources/>

Work and Income escalation process

Clients of Financial Mentors often experience issues with Work and Income. Financial Mentors can often help resolve these issues through supporting and advocating for the clients.

These issues sometimes need to be escalated through Work and Income. On our Resources page on Te Papa Hou we have released an updated escalation process for Financial Mentors to use when you have issues with Work and Income.

Step 1

Contact BFC Champion at your local WINZ office (if you don't know who this is for your local office or there's been a change, please email merv@fincap.org.nz)

Step 2

Contact Service Centre Manager (SCM): If your Champion has had no luck, please escalate to the SCM via this contact list ([click to download](#)).

Please note: Many SCM's are already applying discretion internally when Case Managers seek to clarify a point of policy/legislation, therefore make the email succinct and batch clients if possible to minimise a client getting lost in an inbox.

Step 3

Contact MoneyTalks: If you have no luck with either of these routes contact MoneyTalks on 0800 345 123 or help@moneytalks.co.nz and they will contact the MSD BFC team.

MoneyTalks social media

We have been increasing our promotion of MoneyTalks on Facebook, experimenting with new ways of reaching out to people on social media. If you are on Facebook you would have noticed an increase in activity. Our most active engagement is from Financial Mentors and the accounts owned by local services.

We encourage you to share our content on your own pages, to help keep your content fresh as well.

www.facebook.com/MoneyTalksNZ

We will be starting a project to support services to promote themselves and will using our experience from running the MoneyTalks page to help support services with their own social media! Watch this space.

MoneyWeek 2020

Money Week is a week-long public awareness campaign facilitated by the Commission for Financial Capability encouraging New Zealanders to think about their relationship with money.

Money Week is from 10-16 August 2020

The theme for this year's Money Week is "Just wondering".

The theme is aimed at creating a safe, inclusive environment for Kiwis to reach out with the money questions they've been too afraid to ask.

As local financial capability and budgeting services this is a great opportunity for us to show our local communities the value of Financial Mentoring as a place to get trusted information and guidance to the wide range of questions including financial planning, debt management, KiwiSaver and more.

For more resources on Money Week visit, www.moneyweek.org.nz.

A stakeholder kit will be released on 20 July.

Thanks for people for attending Zoom meetings.

Thank you to everyone who attended our Zui's over the last few months. Notes for the last round of Zui will be coming through to you soon. We are planning the next round in August.

More information to follow.