

Ethical Choices in NZ Banking & Finance (2015–2025): Cases 40–53

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Case 40: Retail banking / Compliance

Date range: 2019–2024

Actors: Kiwibank; Commerce Commission

Ethical choice: Continue operating with deficient billing systems that produced misleading fee representations and overcharges (self-reported later).

Intended goal: Maintain product operations and customer growth while relying on legacy systems; remediate after detection.

Mechanism: Automated statement generation and fee application processes across home lending, credit cards, and overdrafts, with insufficient controls to prevent misstatements.

Outcomes: Bad: ~36,000+ customers overcharged ≈NZ\$6.8m; remediations paid and a \$1.5m court-imposed fine (Nov 27, 2024). Mixed: subsequent systems remediation and monitoring commitments. Scale: tens of thousands of customers.

Evidence: “The Commission prosecuted Kiwibank for 21 criminal charges under the Fair Trading Act... systemic issues led to over \$7m in overcharges.”

Sources: <https://comcom.govt.nz/news-and-media/news-and-events/2024/systemic-breaches-of-consumer-law-lead-to-%241.5million-fine-for-kiwibank>; <https://comcom.govt.nz/news-and-media/news-and-events/2024/kiwibank-faces-criminal-charges-following-issues-that-caused-over-%247m-in-overcharges>; <https://www.interest.co.nz/banking/130966/kiwibank-fined-15m-after-self-reporting-overcharging-35k-customers-68m-commerce>; <https://www.consumer.org.nz/articles/kiwibank-facing-criminal-charges>

Confidence: 0.8

Tags: misrepresentation, system-failure, overcharging, regulatory-penalty

Case 41: Retail banking / Conduct (FMC Act)

Date range: 2011–2024 (warning issued 6 Aug 2025)

Actors: Kiwibank; FMA

Ethical choice: Not applying fee waivers to joint accounts while statements implied fees could be charged, creating misleading representations.

Intended goal: Reduce operational friction and manual checks by relying on default settings; later remediate after customer complaint.

Mechanism: Fee-waiver logic and statement templates that did not reflect actual entitlement for certain joint accounts; detection after a June 2023 complaint and 2024 self-report.

Outcomes: Bad: 8,663 customers overcharged ≈NZ\$912k (NZ\$747k post-FMC Act period). Good: remediation and FMA public warning (no civil penalty). Scale: thousands of customers.

Evidence: FMA (6 Aug 2025): “Kiwibank has been warned... for failing to apply fee waivers to certain joint account customers.”

Sources: <https://www.fma.govt.nz/news/all-releases/media-releases/fma-warns-kiwibank/>; <https://www.1news.co.nz/2025/08/06/kiwibank-warned-over-fee-waiver-failure-affecting-thousands/>; <https://www.mpamag.com/nz/news/general/fma-warns-kiwibank-over-customer-overcharging/545274>

Confidence: 0.8

Tags: fee-waiver, disclosure, remediation, conduct-warning

Case 42: Banking / AML–CFT compliance

Date range: 2016–2021

Actors: TSB Bank; Reserve Bank of New Zealand; High Court (Wellington)

Ethical choice: Persisted with inadequate AML/CFT programme and risk assessment despite earlier warning, prioritising business-as-usual over compliance uplift.

Intended goal: Avoid disruption and costs by delaying comprehensive AML/CFT remediation.

Mechanism: Insufficient internal procedures, policies and controls; failure to review/maintain AML/CFT programme and to conduct appropriate risk assessments.

Outcomes: Bad: High Court imposed NZ\$3.5m civil penalty; heightened systemic risk though no allegation of actual laundering. Industry signalling effect improved compliance standards. Scale: programme-wide (not customer-count specific).
Evidence: High Court: "acknowledged breaches... internal procedures required by the Act... penalty \$3.5m."
Sources: <https://www.rbnz.govt.nz/hub/news/2021/08/reserve-bank-welcomes-high-court-decision-penalising-tsb-bank-for-aml-cft-act-breaches>; <https://www.rbnz.govt.nz/-/media/project/sites/rbnz/files/news/2021/reserve-bank-of-new-zealand-v-tsb-bank-limited.pdf>
Confidence: 0.8
Tags: aml-cft, governance, deterrence

Case 43: Retail banking / Responsible lending (CCCFA)

Date range: 2015–2021 (judgment Aug 27, 2024)
Actors: TSB Bank; Commerce Commission; High Court (Auckland)
Ethical choice: Charged unreasonable credit and default fees and failed to meet responsible lending obligations, prioritising fee structures over consumer protections.
Intended goal: Increase non-interest revenue and streamline fee schedules.
Mechanism: Legacy fee-setting and controls under credit contracts; inadequate oversight across ~42k contracts.
Outcomes: Bad: ~42,000 customers overcharged ≈NZ\$3.6m; \$2.47m penalty (first CCCFA pecuniary penalty).
Good: self-reporting recognised with discount; remediation of fees. Scale: tens of thousands.
Evidence: ComCom: "secured a \$2.47m penalty... bank overcharged about \$3.6m through unreasonable credit and default fees."
Sources: <https://comcom.govt.nz/news-and-media/news-and-events/2024/court-confirms-tsb-charged-over-%243-million-in-unreasonable-fees>; https://comcom.govt.nz/__data/assets/pdf_file/0026/362249/Commerce-Commission-v-TSB-Judgement-27-August-2024.pdf; <https://lawnews.nz/bank-finance/tsb-fined-2-47-million-for-overcharging-42000-customers/>
Confidence: 0.8
Tags: cccfa, fees, responsible-lending, penalty

Case 44: Banking / Prudential risk governance

Date range: 2020–2022
Actors: Westpac New Zealand; Reserve Bank of New Zealand; Oliver Wyman (independent reviewer)
Ethical choice: Board and risk governance did not adequately oversee liquidity risk controls, leading to repeated breaches; chose to operate with control weaknesses while remediation was underway.
Intended goal: Maintain business continuity and avoid disruptive system changes, with later remediation under regulatory oversight.
Mechanism: Independent s95 reports; liquidity policy (BS13) breaches; RBNZ-required external review and remediation plan; improvements noted in 2022 report.
Outcomes: Mixed: Regulatory action and reputational impact; subsequent improvements in liquidity management and risk culture per RBNZ (May 2022). Scale: system-wide exposure rather than specific customer count.
Evidence: RBNZ (Nov 25, 2021): "material shortcomings in the Board's oversight." RBNZ (May 30, 2022): improvements in liquidity management after earlier breaches of BS13.
Sources: <https://www.rbnz.govt.nz/hub/news/2021/11/external-report-highlights-material-shortcomings-with-westpac-nzs-risk-governance>; <https://www.rbnz.govt.nz/hub/news/2022/05/independent-report-finds-improvement-in-westpac-nzs-liquidity-management>; <https://www.rbnz.govt.nz/regulation-and-supervision/oversight-of-banks/how-we-regulate-and-supervise-banks/material-breaches-of-key-bank-prudential-requirements/westpac-new-zealand-limited>
Confidence: 0.8
Tags: prudential, liquidity, governance, remediation

Case 45: Payments / Fraud prevention

Date range: Nov 2024–Apr 2025 (rollout)
Actors: NZ Banking Association; Banks incl. Kiwibank, Co-operative Bank; GetVerified; MBIE; Commerce Commission (retail payment system updates)
Ethical choice: Introduce a name-number matching 'Confirmation of Payee' check before payments proceed, prioritising scam prevention and misdirected payment reduction.
Intended goal: Reduce authorised push-payment and misdirected payment losses; lift customer confidence.

Mechanism: Industry selection of a provider (GetVerified) and phased deployment across online/mobile retail banking; warnings on 'match/partial/not a match'.
Outcomes: Good: CoP live across personal banking by Easter 2025; expected to cut scam/misdirected payment losses affecting hundreds of thousands of payers annually. Scale: millions of retail payment journeys per year.
Evidence: NZBA (9 Oct 2024): "banks to start rolling out Confirmation of Payee in November"; BOS: "service began in Nov 2024 and will be fully in effect by April 2025."
Sources: <https://nzba.org.nz/banks-to-start-rolling-out-confirmation-of-payee-in-november/>;
<https://bankomb.org.nz/guides-and-cases/quick-guides/payment-systems/confirmation-of-payee>;
<https://www.kiwibank.co.nz/personal-banking/accounts/payments/confirmation-of-payee/>;
<https://www.getverified.co.nz/>
Confidence: 0.7
Tags: anti-scam, confirmation-of-payee, payments, consumer-protection

Case 46: Banking / Dispute resolution (BOS)

Date range: 2023–2024 (case published)
Actors: Banking Ombudsman Scheme; customer 'Greer & Anton'; Participating bank
Ethical choice: Bank initially declined full reimbursement for unauthorised transactions, citing code sharing; Ombudsman found customer took reasonable care.
Intended goal: Minimise reimbursement outlays by relying on terms & conditions; BOS aims to ensure fair outcomes.
Mechanism: Assessment of negligence vs reasonable care; evaluation of bank's messaging and handling of fraud report.
Outcomes: Good (for consumer): recommended full NZ\$30,000 reimbursement plus NZ\$1,000 service compensation; signals higher care expectations on banks. Scale: one household, with precedent value for many.
Evidence: "The Code of Banking Practice requires banks to reimburse unauthorised transactions unless a customer has acted negligently or dishonestly... We recommended the bank reimburse the \$30,000."
Sources: <https://bankomb.org.nz/guides-and-cases/case-notes/87834>;
<https://bankomb.org.nz/about-us/media-releases/2024-media-releases>
Confidence: 0.8
Tags: ombudsman, unauthorised-transaction, reimbursement, consumer-protection

Case 47: Banking / Dispute resolution (BOS)

Date range: 2024–2025 (case published Jul 2025)
Actors: Banking Ombudsman Scheme; customer 'Stella'; Participating bank
Ethical choice: Bank chose not to reimburse an authorised push payment scam where no bank 'red flags' were evident.
Intended goal: Maintain principle that banks execute valid instructions unless real-time red flags exist; encourage customer diligence.
Mechanism: Ombudsman assessed duty to act with reasonable care; found no indicators requiring bank intervention before processing.
Outcomes: Bad (for consumer): no reimbursement for ~NZ\$200,000 loss; clarifies current liability settings. Scale: one customer; indicative for many APP scams.
Evidence: "A bank's prime duty is to act on valid payment instructions... there was nothing to suggest to the bank that the transactions were suspicious."
Sources: <https://bankomb.org.nz/guides-and-cases/case-notes/85516>;
<https://bankomb.org.nz/guides-and-cases/case-notes>
Confidence: 0.8
Tags: authorised-push-payment, scam-loss, liability, ombudsman

Case 48: Consumer finance / Cybersecurity & privacy

Date range: Mar–Apr 2023 (ongoing remediation)
Actors: Latitude Financial; NZTA/Waka Kotahi; Privacy regulators (NZ & AU)
Ethical choice: Stored large volumes of sensitive ID data for extended periods; decision not to accede to ransom demands.
Intended goal: Support credit operations with data retention; mitigate extortion risk by refusing ransom.

Mechanism: Data exfiltration of ~7.9m AU/NZ driver licence numbers and 53k passport numbers; NZTA facilitated licence version replacements for impacted NZ customers.

Outcomes: Bad: Large-scale identity risk; costly document replacement and monitoring. Good: refusal to pay ransom; transparency updates. NZ-specific affected: significant but unspecified subset of millions impacted.

Scale: potentially hundreds of thousands of NZers.

Evidence: Latitude: “~7.9m Australian and New Zealand driver licence numbers were stolen... 53,000 passport numbers.” NZTA confirms licence replacement support.

Sources: <https://www.latitudefinancial.com.au/about-us/media-releases/cybercrime-update-27-03-2023.html>; <https://nzta.govt.nz/driver-licences/latitude-financial-services-data-incident/>; <https://www.theguardian.com/australia-news/2023/mar/27/latitude-financial-cyber-data-breach-hack-14m-customer-records-stolen>

Confidence: 0.8

Tags: data-breach, privacy, identity-risk, ransomware

Case 49: Competition / Retail banking

Date range: 2023–2024 (final 20 Aug 2024)

Actors: Commerce Commission; NZ banks; MBIE

Ethical choice: Recommend pro-competition measures (including support for open banking), prioritising long-term consumer benefit over incumbents’ convenience.

Intended goal: Improve competition, pricing, and service quality in personal banking.

Mechanism: 14 recommendations spanning switching frictions, data portability, and payments; Government considering actions.

Outcomes: Good: Clear roadmap to lift competition; catalysed government/open banking work programme.

Scale: entire retail customer base.

Evidence: “Found that NZ’s four largest banks do not face strong competition... made 14 recommendations.”

Sources: https://comcom.govt.nz/__data/assets/pdf_file/0019/362035/Final-report-Personal-banking-services-market-study-20-August-2024-Amended-27-August-2024.pdf; <https://www.mbie.govt.nz/business-and-employment/business/competition-regulation-and-policy/market-studies/competition-study-into-personal-banking-services>

Confidence: 0.8

Tags: competition, open-banking, switching, market-study

Case 50: Conduct regulation (CoFI)

Date range: 2022–Mar 31, 2025 (commencement)

Actors: Financial Markets Authority; Registered banks; Insurers; NBDTs

Ethical choice: Implement licensed fair conduct programmes (FCPs) and ban target-based sales incentives to embed fair treatment of consumers.

Intended goal: Lift conduct standards and trust; reduce mis-selling and poor outcomes.

Mechanism: Licensing by FMA; duties to establish and comply with FCP; public disclosure of FCP information.

Outcomes: Good: Systemic uplift in consumer protections and governance across all banks from 31 Mar 2025.

Scale: sector-wide (millions of customers indirectly).

Evidence: FMA: “The CoFI regime commences on 31 March 2025... institutions must be licensed and comply with the fair conduct principle.”

Sources: <https://www.fma.govt.nz/news/all-releases/media-releases/cofi-licensing-begins/>; <https://www.fma.govt.nz/business/legislation/conduct-of-financial-institutions-cofi-legislation/>; <https://legislation.govt.nz/act/public/2022/0036/latest/whole.html>

Confidence: 0.9

Tags: cofi, licensing, fair-conduct, governance

Case 51: Disclosure / Sustainability (CRD)

Date range: 2023–2026 (phased monitoring)

Actors: FMA; Climate Reporting Entities incl. banks; XRB

Ethical choice: Require banks and other CREs to publish climate statements (with phased assurance), prioritising transparency on climate risks.

Intended goal: Enable investors and stakeholders to assess climate risk management and align capital allocation.

Mechanism: Mandatory climate statements per NZ CS 1–3; FMA monitoring plan with stepped enforcement approach.

Outcomes: Good: Improved transparency and risk governance; compliance costs borne by institutions. Scale: all registered banks (and other CREs).

Evidence: FMA plan: "The NZ Government has introduced a new regime making climate-related disclosures mandatory for certain large FMC reporting entities... first statements lodged from early 2024."

Sources: <https://www.fma.govt.nz/assets/Guidance/Crd-monitoring-plan-2023-2026.pdf>

Confidence: 0.8

Tags: climate-disclosure, transparency, governance

Case 52: Fintech / Consumer credit (BNPL)

Date range: 2020–2024 (protections effective 2 Sep 2024)

Actors: MBIE; BNPL providers; Consumers

Ethical choice: Introduce proportionate BNPL protections (affordability checks, hardship, disclosure) to curb overindebtedness while preserving access.

Intended goal: Balance innovation with consumer protection; reduce harms to vulnerable cohorts.

Mechanism: Targeted regulations under CCCFA enabling lighter-touch assessments and dispute resolution pathways.

Outcomes: Good: Greater safeguards; Mixed: may reduce ultra-frictionless access. Affected: hundreds of thousands of users. Scale: large BNPL user base.

Evidence: MBIE: "New protections for consumers using Buy Now Pay Later, effective from 2 September 2024."

Sources: <https://www.mbie.govt.nz/business-and-employment/consumer-protection/buy-now-pay-later>;

<https://www.consumer.org.nz/articles/buy-now-pay-later-how-women-are-getting-caught-in-debt-traps>;

https://acfr.aut.ac.nz/__data/assets/pdf_file/0009/817803/FINAL-YA-Debt-Study-Industry-Report-v250823.pdf

Confidence: 0.8

Tags: bnpl, consumer-protection, affordability, regulation

Case 53: Data portability / Open banking

Date range: 2024–2025 (Act in force 30 Mar 2025)

Actors: MBIE; Government; Banks; Accredited third parties

Ethical choice: Establish a consumer data right allowing customers to direct banks to share data securely with accredited third parties.

Intended goal: Empower customer choice, spur competition and innovation (comparators, switching, smart budgeting).

Mechanism: Primary legislation (CPD Act 2025) with sector designation via regulations; banking designation being drafted in 2025.

Outcomes: Good: Lays groundwork for data-driven competition and safer data sharing; risks include consent fatigue and privacy management. Scale: eventually all banked customers.

Evidence: Legislation: "This Act comes into force on 30 March 2025." MBIE: Government drafting regulations to designate banking for open banking.

Sources: <https://www.legislation.govt.nz/act/public/2025/0014/latest/whole.html>; <https://www.mbie.govt.nz/business-and-employment/business/competition-regulation-and-policy/consumer-data-right>; <https://www.mbie.govt.nz/documents/30699-designating-banking-under-the-customer-and-product-data-bill-proactive-release-pdf>

Confidence: 0.9

Tags: open-banking, consumer-data-right, competition, privacy