ASIC

Australian Securities & Investments Commission

REPORT 53

Good transaction fee disclosure

September 2005

What this report is about

The Australian Securities and Investments Commission (ASIC) is committed to encouraging improvements in transaction fee disclosure so that consumers can decide how best to manage the cost of their banking.

Transaction or ‘everyday’ accounts are relatively simple financial products that are held by about 97% of Australians.[1]

The fee structures of most transaction accounts are carefully designed to encourage certain transacting behaviour by consumers who are looking to minimise their overall costs. These structures may include lower or no fees for transacting over the internet or telephone, and a certain number of fee-free transactions per month.

This report indicates what information consumers are receiving from their financial institutions about fees, and when they’re receiving it. It describes approaches to transaction fee disclosure by banks, building societies and credit unions.

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[1] Roy Morgan Research for ANZ Bank, *ANZ Survey of Financial Literacy in Australia.* ANZ Banking Group, Melbourne (2003).

Contents

Executive summary

ASIC's view on good fee disclosure

ASIC believes that consumers should be made clearly aware of what it costs them to undertake transactions.

In June 2002, we released the *Guide to Good Transaction Fee Disclosure for Bank, Building Society and Credit Union Deposit and Payments Products (Transaction Accounts)* (the ASIC guide).

The ASIC guide promotes better disclosure of transaction fees that apply to accounts offered by banks, credit unions and building societies. It was developed in consultation with representatives of the deposit-taking industry, government, consumer organisations and dispute resolution schemes.

The ASIC guide sets out our views on what makes for good disclosure, including disclosure in any brochures or documents a consumer might read before selecting a product or product provider (pre-contractual disclosure), and disclosure in account statements.

In developing the guide, we tried to reasonably balance the need of consumers to have clear and timely fee information with the cost of delivering such information. These issues are most relevant for real-time fee disclosure.

The state of disclosure

ASIC conducted a review of transaction fee disclosure, involving 197 individual banks, credit unions and building societies, in 2004. Our work in this sector, and our informal ongoing monitoring, suggests that there has been little change since then. We found that:

- Over 90% (182) of these institutions charged fees on their transaction accounts: see Table 1 and 2 (Appendix A).
- All of the big four banks now include transaction fee summaries on at least some of their transaction account statements. Some other institutions also provide summaries.

  The presentation and detail of the summaries varies between institutions, however they all represent an important disclosure improvement that allows consumers to see at a glance the pattern and cost of their banking behaviour and to take steps to reduce that cost should they so choose.
- There was some improvement in signage at and/or on ATMs that extra fees may apply if the ATM is not owned by the card issuer.

- Few institutions used account statements to provide tips about reducing fees. They preferred newsletters, brochures and product disclosure statements.
- Some institutions did not clearly explain in their pre-contractual disclosure *when* fees will be debited from the consumer's account (i.e. whether the fee will be debited from the account at the time it is incurred or at some later point, such as at the end of the month).
- Real-time disclosure remains elusive. Most institutions reported to ASIC that they are unable to provide real-time disclosure under their current systems and/or that they are awaiting the outcome of Payments System reforms before committing to their own system changes.

When disclosure is important

In the ASIC guide, we said that information about transaction fees is particularly useful for consumers at certain key points in time. We have reported on the state of disclosure under the headings of these key disclosure points in this report (see below).

Key point	Type of disclosure
When a consumer is selecting a product or product provider	Pre-contractual disclosure (see **Section 1**)
When changes are made to the level of fees (or to when, how or why the fee is charged)	Notice of change (see **Section 2**)
When an account statement is received	Disclosure on statements (see **Section 3**)
When a consumer is actively seeking information	Disclosure on request (see **Section 4**)
Immediately before a consumer makes a transaction	Real-time disclosure (see **Section 5**)

Changes to the regulation of fee disclosure

Since we released the ASIC guide, there have been significant changes in the regulation of transaction fee disclosure.[2] The revised Banking Code of Practice has been finalised, the Building Society Code of Practice has been discontinued and the future of the Credit Union Code of Practice remains under review.

The Federal Government also recently announced its intention to exempt basic deposit products, including transaction accounts as defined in the ASIC guide, from the product disclosure statement (PDS) regime under the *Corporations Act 2001* (the Act). This proposal is subject to appropriate oral disclosure and adequate and accessible disclosure at point of sale and electronically[3].

In our view, these developments do not diminish the importance of full and timely transaction fee disclosure for consumers.

Providers of transaction accounts should continue to consider the disclosure principles in the ASIC guide and apply them wherever reasonably possible.

Future of the ASIC guide

ASIC has no plans to revise the guide. We believe the disclosure principles outlined in the ASIC guide remain sound.

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[2] The ASIC guide set out the legal and self-regulatory disclosure requirements that applied as at 26 June 2002. It also set out good practice guidance. This report does not repeat all of these disclosure requirements, nor does it detail all of the subsequent legislative and other changes. These changes have, however, been taken account in our findings.

[3] Refinement Proposal 6, the Australian Government's proposals paper *Refinements to Financial Services Regulation, Proposals Paper* (May 2005).

Section 1: Pre-contractual disclosure

> At the time a consumer is selecting a product or product provider they should have access to information about all fees and charges that will apply to the product, when they will be incurred and factors impacting upon their level and imposition.
>
> **ASIC guide, p 6**

Pre-contractual disclosure includes information about:

- applicable fees (specifically including direct debit dishonour fees)
- the nature of free transaction schemes (e.g. conditions on accounts that offer a certain number of free transactions per reporting period)
- when the period for calculating rebates or counting free transactions begins and ends
- when transaction and account-keeping fees will be debited, and
- balance minimums (or loyalty arrangements) that may affect fees.

Most institutions reported that their pre-contractual disclosure covered all of the fee-related issues listed above. The most common means of providing this information was through hardcopy documents (e.g. a PDS or stand-alone fee brochure/schedule).[4]

Many institutions offer tips on how to avoid fees in these documents. Some institutions mentioned that they train and encourage their staff to explain fee information to customers.

Debiting of transaction and account-keeping fees

As a matter of good practice, we believe that institutions should provide information about *when* transaction and account-keeping fees are debited to an account, so that consumers do not unknowingly overdraw their account and potentially incur more fees. This information should be provided clearly and prominently.

Some institutions do not disclose this information because fees are debited on a monthly basis, and they consider that this is both predictable and visible on a customer's account statements.

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[4] Some institutions referred to a fees and charges schedule and some referred to a fees and charges brochure. In some cases, these may be the same thing (e.g. a fees and charges component of the PDS). However, in other cases, it may refer to a stand-alone fees and charges document. It was not possible for ASIC to determine what each institution was referring to when using these terms. Therefore all references to these documents in this report are labelled 'PDS or fee brochure/schedule'.

Thirty-eight institutions (1 bank, 3 building societies and 34 credit unions) said they plan to improve their pre-contractual disclosure about when transaction and account-keeping fees will be debited to the account. Most planned to make the amendments in future updates of their disclosure documents.

> *'Currently all fees are monthly. However, it is not stated when the fee will be debited. Planned to be added to the PDS in its next edition.' [Building society]*[5]
>
> *'Currently specified as charged "monthly". In future, will indicate "charged on first working day of next month".' [Credit union]*
>
> *'The information is not outlined in the bank's PDS…However, the PDS will be updated to reflect this information in the next month.' [Bank]*

Direct debit dishonour fees

At least 170 institutions told ASIC that they charge direct debit dishonour fees on their transaction accounts. Most of these institutions disclose this fee in their pre-contractual material. Direct debit dishonour fees can be significant,[6] and in some cases may overdraw a customer's account.

We examined documents provided by a sample (just over 10%) of these institutions. We found that 45% disclosed only the *amount* of the fee, a further 35% disclosed both the *amount* of the fee and *why* it is charged, while only 10% disclosed the *amount* of the fee, *why* it is charged and *when* it is debited (this included a bank and a building society). A further 10% provided insufficient information to enable analysis on this point.

Given the potential impact of these fees, we believe that as a matter of good practice institutions should clearly set out when the fees will be charged, and also whether the institution may alternatively choose to honour the direct debit and overdraw the account. In the latter case, the consumer may incur an overdrawn account fee, which should also be clearly disclosed.

These disclosure principles apply equally to other fees that may be charged when a consumer has insufficient funds in their account to honour a payment instruction (for example, in relation to cheque and periodic payment dishonour fees).

[5] Except for minor alterations to grammar, quotations from institutions appear in this report as they appeared in the original survey responses.

[6] Among the accounts we looked at, direct debit dishonour fees ranged from $20 to $45.

Section 2: Notice of change

Consumers should be provided with personally addressed written notice about any changes to fee amounts or the conditions for incurring fees, and the effect of those changes, in sufficient time before the changes occur to allow them to make any alterations they deem necessary to their banking arrangements or providers. Written notice can be in an electronic form if the consumer so elects.

ASIC guide, p 9

Notice of change includes information about:

- increases in fees
- decreases in fees
- new fees, and
- changes to minimum balance requirements.

Increases in fees

Under the *Corporations Act 2001*(the Act), institutions are required to give notice of increases in fees or charges 30 days before the change takes effect.[7] The notice must give the account holder the information that is reasonably necessary to understand the nature and effect of the change.[8]

Most institutions reported that they give notice of change for increases in fees.[9] However, some provided a poor explanation of how they do this.

Most building societies said they give notice in writing 30 days before the change comes into effect. Most banks said they use letters or statement inserts to notify customers of fee increases ahead of the change. Some banks also used or said they would consider using advertisements in major newspapers. Credit unions reported using a combination of letters, statement inserts, advertisements and/or newsletters to disclose this information.

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[7] s1017B(5)

[8] s1017B(4)

[9] The few institutions that reported that they did not notify customers of increases to fees appeared to misreport their answers to this question (i.e. their comments or supplementary disclosure material contradicted their answer).

Decreases in fees

ASIC believes that notice of fee decreases is also useful because many transaction fee regimes vary depending upon the channel used. A reduction in fees for one channel may make it a more attractive alternative than was previously the case.

Generally, institutions reported that they were less likely to inform customers about decreases in fees, in part because they said that their fees had not decreased over time.

Those who had disclosed (or said they would disclose) notice of a decrease in fees did so through advertisements, the media, newsletters, web notices or, to a lesser extent, mail outs.

Some institutions took the view that if the customer benefited from the decrease, there was no need to give prior notice. While the Act allows for notice of changes that are not adverse to an account holder's interest to be given up to 12 months after the change occurs,[10] ASIC believes that good practice would be to give notice of a decrease in fees with the next account statement.

New fees

Most institutions reported that they notify customers of new fees. The methods for doing so were much the same as for increases in fees.

Changes to minimum balance requirements

Around 40% of institutions reported that they did not have minimum balance requirements on their transaction accounts. Therefore, this disclosure issue did not apply to them.

Of those that did have minimum balance requirements, most said they do or would disclose notice of change to these requirements. Most would do so by using a personally addressed written notice (letter or information sheet), but some mentioned using advertisements.

Differences between old and new fees

Most institutions reported that they explicitly disclosed differences between the old and new fee arrangements in their notice of change. Some said they use commentary, while others said they use comparative fee information (e.g. new and old fee schedule), and some use both methods.

[10] s1017B(6)

Of those institutions that reported they did not explicitly disclose the differences between the old and new fee arrangements, many said that they provide details of the new fee only.

Some said that they planned to provide more comprehensive disclosure of fee changes in the future, though some would assess the need for this ‘case by case’.

Section 3: Disclosure on statements

Included on the statements of customers who are potentially liable to pay fees should be clear information about transactions undertaken and any fees incurred during the period.

This information should not be bundled. It should clearly show the cost of each transaction per different delivery channel and the number of such transactions undertaken. The impact of any free transaction limit, rebate scheme or other relationship variable should also be reflected in the summary.

ASIC guide, p 12

Why the ASIC guide focuses on statements

The ASIC guide has a particularly strong focus on statements. Research previously commissioned by ASIC about transaction fee disclosure suggests that this is the place and time that consumers find improved fee disclosure the most useful. This is because people felt that:

- statements are usually read, unlike most other possible modes of disclosure
- unlike many financial institution documents, the information on statements is personalised to the consumer and can provide information about fees that have *actually* been charged to the account, based on what transactions were made in the period, and
- as it is a regular communication with consumers it has the greatest potential to educate consumers, affect their attitudes and to change transaction behaviour to minimise fees.[11]

Disclosure on statements

Complete and clear statements are highly desirable in helping consumers understand how their transacting affects the fees they pay. Wherever possible, information should be presented so that consumers can directly compare the fee charged with the relevant transaction.

In the ASIC guide, we gave examples of good fee disclosure on statements for:

- an account with a number of free transactions per month, and
- an account with a rebate system.

[11] Chant Link & Associates, *Market Research Report on Transaction Fee Disclosure Rules,* (March 2000).

For copies of these examples, see Appendix C.

Presenting fee information

There are many ways of disclosing transaction fees on a statement, and we found that the *level of fee itemisation* varied across institutions. Institutions generally provided one or both of the following:

- individual fee debits itemised as they occurred within the transaction list (i.e. including the date they were posted and usually labelled by fee type), or
- a very basic summary list of fee debits at the beginning or end of the transaction list (usually itemised by fee type with a total figure for each type and usually dated).

Fees charged

In our survey, we asked all institutions that charge transaction fees to provide example account statements with their survey response. We examined a small number of these statements (statements from 18% of the 182 institutions that charged fees on their transaction accounts).[12] We examined account statements for:

- 10 banks (i.e. 67% of all banks that charged fees).
- 10 building societies (83% of all building societies that charged fees), and
- 12 credit unions (only 8% of all credit unions that charged fees). While this was a small percentage of all credit unions that reported that they charge fees, the credit unions selected for examination included a range of small, medium and large credit unions.

[Refer to Table 3 in Appendix A]

We looked at two key methods of disclosing the fees charged on an account:

- Fee summaries, and
- Fee itemisation in the transaction list.

Most of the 10 bank statements examined provided a fee summary, including all of the big four banks, and all provided some level of itemisation on their account statement.

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[12] We examined a maximum of one statement for each of the 32 institutions in this smaller sample, i.e. some of these institutions provided examples of several different transaction products and, where this was the case, we looked at only one of the examples provided.

Of the 10 building society statements examined, two provided a fee summary (20%) and eight (80%) provided some level of fee itemisation. The two building societies that provided summaries did so *in place of* itemised fee information within the transaction list. Given our preference for unbundled information, we do not believe that summaries should *replace* itemised fee disclosure.

Of the 12 credit union statements examined, none provided a fee summary but all provided some level of fee itemisation.

ASIC's preferred model of statement fee disclosure is for institutions to provide fee summaries in addition to providing itemised fee information in the standard transaction list.

Where institutions provided *additional fee summaries*,[13] these varied in terms of content and placement. Most summaries at least had the type of fee, the number of transactions that incurred the fee and the final amount charged for each fee type. Some did not include the total fees.

Some institutions put fee summary tables before the transaction list, some put them after, and others put them in the transaction list itself in date order (especially if the statement covered more than one month).

Other information: notice to check for errors

Using the same small sample of account statements referred to above, we also looked at whether institutions provided a notice for customers to check their statement for errors.

Of the 10 bank account statements examined, six (60%) provided a notice to check for errors. One of the big four banks did not provide such notice.

Of the 10 building society account statements examined, six (60%) provided a notice to check for errors.

Of the 12 credit union account statements examined, half provided a notice to check for errors.

Where statements included a *notice to check statement figures for errors*, a phone number was not always provided (though a phone number was usually provided somewhere else on the statement).

Some institutions included advertisements for other products on their statements. One had information about complaints handling avenues.

[13] This refers to the case where a fee summary was provided in addition to itemising the fees in the transaction listing on the statement.

Tips on reducing fees

Most institutions said they do not offer and do not plan to offer information about reducing fees on account statements. Most said this was because they prefer other communication channels for providing this information, such as newsletters, flyers, PDS, fee brochures/schedules, letters, web site, and/or staff.

Some said they offer brochures specifically dealing with how to minimise fees. Similarly, some said their newsletters contain routine articles dealing with this topic. A few institutions said this material sometimes accompanied the statement.

Institutions that used statements to provide tips about reducing fees did so through ‘marketing message fields’ and/or on the back of account statements. Some messages are regular and others are periodic.

> *‘Statement messages are used to advise tips (e.g. use of electronic banking).’ [Credit union]*
>
> *‘Some of our tips on how to reduce fees which appear on our statements include:*
>
> - *Use [Institution Name] ATMs.*
> - *Avoid non-[Institution Name] ATM fees by using [Institution Name] ATMs to make withdrawals, conduct balance enquiries, make deposits and order statements. There are over 1000 [Institution Name] ATMs in locations Australia wide.*
> - *Use EFTPOS. You can usually obtain extra cash at the same time as paying for an EFTPOS purchase. When you do this you combine two transactions into one.*
> - *When writing cheques or using electronic channels, always operate within your account balance or credit limit. This avoids overdrawing your account and incurring an honour fee or having payments dishonoured.’ [Big four bank]*

User-testing statements

Few institutions user-test their account statements on consumers. Of the small number that said they do (or have in the past), only some use focus groups (a more common method was customer surveys).

> *‘Typically groups of members and non-members tested to ensure meaningful and clear disclosure is made. Focus groups of up to 12 are facilitated by an independent research company.’ [Credit union]*

A couple of institutions have done market research (including or excluding focus groups), but not specifically about fee disclosure in statements.

Alternatives to direct testing included:

- review by staff (who might also be customers)
- review by managers/board
- use of member feedback records
- market comparisons (i.e. comparing their practices with those of their competitors.), and
- discussion within affiliated institution networks.

Few institutions plan to do focus group testing in the future. Reasons for this included costs, and that the institutions considered it was not a significant issue for consumers. A couple of institutions felt their fee structure was too simple and/or reliable to require user testing.

Section 4: Disclosure on request

Consumers should have access to information about the fee structures that apply to transaction accounts through a range of access methods at the time that they seek it.

ASIC guide, p 17

This section covers fee disclosure on the telephone, through the internet and at ATMs.

Here we focused on those institutions that reported that they did not currently offer (and did not plan to offer) disclosure on request through these channels.

Phone banking

The measure that attracted the least support from institutions was disclosure of information on request about fees customers incur when using telephone banking.

Although some institutions reported that they offer consumers access to an operator/enquiry staff as part of their telephone banking services, most institutions said they do not offer, and do not plan to offer, fee disclosure information through telephone banking. Where reasons were given, they included:

- other channels more appropriate (e.g. PDS, fee brochure/ schedule, staff, website), and

  'All members are provided with [an] up to date PDS so that members should always have current fee information.' [Credit union]

- not practical due to length of message required

  'No. The customer would be on the telephone listening for most of the day.' [Credit union]

- not valuable to consumers

  'We have this information in printed and online formats. Our experience with telephone banking is that our members do not use this medium to obtain "extra" information.' [Credit union]

- cost restraints.

Internet banking

As a matter of good practice, ASIC believes that internet banking sites should include a clear and prominent link to information about fees and charges for each product offered through the site.

Some institutions reported that they provide internet-based information about fees generally on their website, while others provided this information in the specific internet banking section of the website.

Some institutions had a dedicated fees and charges web page. Others simply provided an online copy of their PDS.

Section 5: Real-time disclosure

Ideally, consumers should have optional access to information relevant to the cost of a specific transaction immediately prior to deciding whether or not to undertake the transaction.

Institutions dedicated to maintaining good disclosure practices who have fee structures which are inconsistent with real time disclosure of the actual cost of the transaction, should ask themselves - does the consumer benefit sufficiently from the present structure to justify it and/or could the structure be altered in some way so that real time disclosure could be achieved without the consumer losing any benefits?

ASIC guide, pp 19 and 21

We asked institutions about their real-time fee disclosure (i.e. disclosure immediately before a transaction) including:

- what public commitment they had to improving real-time transaction fee disclosure, and
- any interim measures they had for real-time transaction fee disclosure.

Reported real-time disclosure

Institutions generally advised that they were waiting on the outcome of ongoing Payment Systems reforms (in particular, ATM reforms) before they committed resources to introducing real-time disclosure.[14] At the time of reporting, ASIC is not aware of any further significant developments in real-time disclosure.

Of the examples cited by institutions, none actually involved disclosing in *real time* the cost of a specific transaction, as envisaged in the ASIC guide. That is, where the information is provided in time to allow the customer to cancel or change the transaction at no cost.[15]

[14] Refers to Payments System reforms led by the Reserve Bank of Australia (RBA), most notably ATM reform. Institutions referred to this reform as ‘ATM reform’, ‘interchange reform’, ‘RBA reform’, ‘RBA’s direct charging model’, ‘direct charging’, ‘RBA interchange reform’ etc. A small number of institutions also referred to ‘EFTPOS reform’.

[15] Examples cited included the provision of online account statements that consumers could access.

Foreign ATM fees

A foreign ATM fee is a fee that a financial institution charges its own customer for having used another institution's ATM (including other Australian institutions' ATMs). ASIC believes that consumers should be made aware that they could be charged a foreign ATM fee at the point of making the transaction.

Of the 182 institutions that charge fees on their transaction accounts, 20 (11%) reported that they offer physical and/or onscreen notices at their ATMs to warn consumers that they may be charged a fee by their issuer bank for using a non-issuer (i.e. 'foreign') ATM. This included nine banks and 11 credit unions.[16] No building societies reported using this type of disclosure.

[Refer to Table 4 in Appendix A]

Four institutions (all credit unions) reported that they did not yet have, but were developing, stickers to notify consumers about the possibility of foreign ATM fees.

No institutions reported providing onscreen notice of the *actual amount* of the foreign ATM fee. This is linked to the Payments Systems reforms referred to earlier.

Plans for real-time disclosure

As discussed above, institutions generally said that they were waiting on the outcome of Payments System reforms before they considered implementing real-time disclosure. Some of the few institutions that were amending or building internet banking facilities expressed a desire to include some real-time features in this process, Some institutions said they do not plan to offer real-time disclosure for some/all of their transaction accounts and a small number of these expressed active resistance. Reasons expressed by this minority group included that:

- their accounts had a simple fee structure and it was therefore unnecessary
- the cost was prohibitive and/or outweighed the benefit to consumers, and
- disclosure was adequately provided through other means.

[16] The credit union figure is understated. CUSCAL has since advised ASIC that the 1,238 Reditellers used by its affiliated credit unions all provide onscreen notice.

Interim measures

Interim measures…can assist consumers to work out the likely cost of an actual transaction. Possible interim measures that have been suggested to ASIC by institutions include:

- the provision of mini statements;
- the provision of best available information about costs and / or how many transactions have been made for the period—subject to cheque clearances and based upon the limits of 24 hour batching and lack of relationship information;
- providing a phone number people can call to find out transaction specific fee information and having it available in branches; and
- end of day disclosure (this would involve the calculation of fees at the end of the day with a fee balance being provided at the beginning of the next day. The information would always be 24 hours behind).

ASIC guide, pp 21–22

Fewer than 25% of institutions reported that they have interim measures for real-time disclosure. Of those who claimed to offer interim measures most, on closer inspection, actually did not (or at least their measures did not resemble those suggested in the ASIC guide).

- The most common type of interim measure was through one or a number of *generic disclosure* measures (e.g. PDS, fee brochure/schedule, branch/telephone staff).

  'Our fees and charges schedule advises clearly how much and when fees will be charged.' [Credit union]

- A small number of institutions said that they provide a *phone enquiry service* (although the details of this service were not always clear).

  'A toll free telephone number is provided on all [Institution Name] advertising and information material. Members are encouraged to use this telephone number to talk to a transaction services officer about when fees will be incurred on a particular transaction.' [Credit union]

- A handful of institutions said they offer *mini-statements*.

  'Mini statements are available from some ATMs. There is no demand to expand the availability of mini statements.' [Bank]

  However, it was not clear whether these mini-statements contain transaction *fee* information or simply *transaction* information (i.e. in which case, the consumer must calculate the cost of the transaction, assuming they know their fee system).

'Mini statements and account balances are available through … ATMs, so that customers can keep track of their transactions and fees. The fees for the mini statements are outlined [in the] PDS.' [Big four bank].

Appendix A: Tables

Table 1: Sample details

	Bank	Building society	Credit union	Total
Sent survey	**18**	**14**	**181**	**213**
Excluded - merger or no relevant product*	2	0	3	5
Excluded – overdue response**	0	1	10	11
Returned survey	**16**	**13**	**168**	**197**
Do not charge fees	1	1	13	15
Charge fees (Total sample)	**15**	**12**	**155**	**182**
% of Sent survey	*83%*	*86%*	*86%*	*85%*

*No need to complete survey (e.g. had merged with another institution or did not offer transaction accounts).
**Unable/unwilling to complete survey (despite one month extension).

Table 2: Institutions that charge fees on transaction accounts

	Bank	Building society	Credit union	Total	Percent
Returned survey	**16**	**13**	**168**	**197**	**100%**
Charge fees	15	12	155	182	92%
Do not charge fees	1	1	13	15	8%

Table 3: Examined statements

	Big 4 bank	Other Bank	Building society	Credit union	Total
Total sample	**4**	**11**	**12**	**155**	**182**
Statements selected for examination	4	6	12	17	39
% of Total sample	*100%*	*55%*	*100%*	*11%*	*21%*
Unable to examine (statement not provided)	0	0	2	5	7
Total statements examined	**4**	**6**	**10**	**12**	**32**
% of Total sample	*100%*	*55%*	*83%*	*8%*	*18%*
Fee summary provided	4	4	2	0	10
% of Total statements examined	*100%*	*67%*	*20%*	*0%*	*31%*
Some level of itemisation	4	6	8	12	30
% of Total statements examined	*100%*	*100%*	*80%*	*100%*	*94%*
Check for errors notice	3	3	6	6	18
% of Total statements examined	*75%*	*50%*	*60%*	*50%*	*56%*

Table 4: Disclosure of foreign ATM fees

	Big 4 bank	Other Bank	Building society	Credit union	Total
Total sample	**4**	**11**	**12**	**155**	**182**
Total reported disclosure of foreign ATM fees	4	5	0	11*	20
% of Total sample	*100%*	*45%*	*0%*	*7%**	*11%*
Physical notice only	2	3	0	5	10
Onscreen notice only	2	1	0	5*	8
Both types of notice	0	1	0	1	2

*This figure is understated. CUSCAL has since advised ASIC that the 1,238 Reditellers used by its affiliated credit unions all provide onscreen notice.

Appendix B: Methodology

How we monitored disclosure

In the ASIC guide, we committed to monitor and publicly report on the extent to which the disclosure principles had been (or would be) adopted by industry.

In 2004, we surveyed 213 individual banks, building societies and credit unions. Of these, 197 institutions (92%) returned their survey: see Table 1 (Appendix A).

Eleven institutions were excluded because they did not meet the deadline for responding. Others were excluded because a small number had merged at (or near) the time of the survey roll out, or they did not offer relevant transaction account products.

[Refer to Table 1 in Appendix A]

We used a self-administered online survey to measure whether institutions had adopted the disclosure measures promoted in the ASIC guide.

While there was a high response rate to the survey, there were inconsistencies in some of the responses. In this report, we have focused on findings that are supported by the data, and which we believe accurately reflect actual and planned fee disclosure practices. Design and implementation

ASIC's survey questions were drawn directly from the ASIC guide, and followed roughly the same order and structure. The questions were both quantitative (closed-ended number fields) and qualitative (written comments).

ASIC sent a draft survey design for comment to participants and stakeholders,[17] and an outsourced technical provider used the draft survey design to build an online survey.

We posted a survey pack to contact people for each institution, and emailed a link to the online survey. The pack included information, definitions, instructions, password details, a checklist, a cover page and a return envelope). Participants could phone ASIC staff for help during the full survey period. We emailed participants a reminder notice half way through the survey period.

[17] Stakeholders included the working party for the ASIC guide. ASIC received 10 separate responses to its request for feedback about the draft monitoring survey.

When participants had completed the survey, they submitted both the online results and a hardcopy printout of their survey, signed by a senior manager. Participants were also asked to supply hardcopy supporting material (e.g. examples of account statements). Participants were given up to four months to return the survey and supporting material.

Analysis

The electronic data was transferred automatically to ASIC when participants submitted their completed survey. After we received the final responses, ASIC research staff consolidated the results and began analysing them. Due to significant shortfalls in the quantitative data, our research staff relied heavily on the qualitative information provided when analysing the data. The available qualitative information included:

- comments provided by institutions in the survey itself (i.e. next to each question), and
- supplementary hardcopy material provided by institutions along with their survey (e.g. PDS and other publications, examples of account statements and web pages).

This analysis was conducted during 2004 and into 2005. Further work was also required in response to the Government's Proposals Paper, *Refinements to Financial Services Regulation* which was released publicly in May 2005.

Where qualitative information was incomplete or unreliable, we have relied on a smaller sample to draw conclusions. The findings in this report are based only upon the data received that was complete and reliable.

Appendix C: Example statements

These examples of good fee disclosure on statements are from the ASIC guide, pp 15–16.

Example 1: Good transaction fee disclosure for an account with a number of free transactions per month

Transaction type	Total transactions	Free	Transactions charged for	Cost per transaction	Total charged
Cheque withdrawal	2	0	2	50c	$1.00
Cheque deposit	1	0	1	50c	$0.50
Own bank ATM withdrawal	4	2	2	65c	$1.30
Other bank ATM withdrawal/inquiry	1	1	0	$1.50	$0.00
EFTPOS withdrawal	4	0	4	50c	$2.00
Own bank mini statement	1	1	0	$1.00	$0.00
Over the counter withdrawal	1	1	0	$2.50	$0.00
Telephone banking	1	0	1	40c	$0.40
BPAY instruction	2	0	2	40c	$0.80
Internet banking	0	0	0	30c	$0.00
Direct debit or periodic payment	0	0	0	40c	$0.00
Total transaction fees					$6.00
Total account keeping fees					$5.00
Total fees payable					$11.00

You are entitled to 5 free transactions per calendar month, of which there is a limit of two free over the counter transactions and two cheque withdrawals. We will include the more expensive transactions in your free allocation first. Note no account-keeping fees apply if the minimum monthly balance is above $2,000. Transaction fees are deducted from your account on XXXX date and account-keeping fees on the first working day of the month. Call xxxxx for more information.

Example 2: Good transaction fee disclosure for an account with a rebate system

Transaction type	Number of transactions	Cost per transaction	Amount charged
Cheque withdrawal	2	$0.50	$1.00
Cheque deposit	1	$0.50	$0.50
Own bank ATM withdrawal	4	$0.65	$2.60
Other bank ATM withdrawal/inquiry	1	$1.50	$1.50
EFTPOS withdrawal	4	$0.50	$2.00
Own bank mini statement	1	$1.00	$1.00
Over the counter withdrawal	1	$2.50	$2.50
Telephone banking	1	$0.40	$0.40
BPAY instruction	2	$0.40	$0.80
Internet banking	0	$0.30	$0.00
Direct debit or periodic payment	0	$0.40	$0.00
Total transaction fees			$12.30
Transaction fees less monthly rebate of $5.00			$7.30
Monthly account keeping fee			$5.00
Total fees payable			$12.30

Each calendar month we will pay a minimum of $5.00 worth of the fees you incur. We will give you an additional rebate of $1.00 each month for every $5,000 you have in other deposit or loan accounts with us. We will calculate your monthly rebate on the first day of the charging period. Note that no account-keeping fees apply if the minimum monthly balance is above $2,000. Transaction fees are deducted from your account on XXXX date and account-keeping fees on the first working day of the month. Call xxxx for more information.