

Appendix 1

Interview questions

Demography

1. Could you briefly tell me about your background, please?
Age, gender, education, family.

General Banking

2. The “Code of Banking Practice” includes the quotes in Excerpt 1 below. Could you explain what you understand by the words and phrases: debited or credited; term deposit; principal; maturity; chargeback; and security.

Excerpt 1:

12.4 (b) the method by which interest, if any, is calculated and the frequency with which it will be debited or credited;

12.4 (f) for term deposits:

(i) how we will pay interest and repay the principal;

(ii) how funds may be dealt with at maturity; and

(iii) details of any fee or charge or change in an interest rate resulting from a withdrawal in advance of maturity;

12.5 (a) general information on chargeback rights;

13.2 (b) any mortgage or other security document.

3. What do you understand by the words “payee” and “drawer” with regard to loans and deposits?
4. What do you think is the difference between a debit and credit card?
5. What is the difference between a transaction account and a savings account?
6. What is your understanding of a financial “power of attorney”?
7. The same bank has the terms and conditions in Excerpt 2. Are they clear to you and do you have any suggestions to make it clearer?

Excerpt 2

Business day mean a day we are open for business, but does not include Saturday, unless otherwise specified in these terms and conditions), Sunday or any national public holiday.

In reference to interest and fees, business day means a day we are open for business, including Saturday, but does not include Sunday or any national public holiday.

Insurance

8. What do you understand from Excerpt 3:

Excerpt 3

This insurance is arranged by XXX Financial Management Limited ..., a member of the XXX group of companies, as an agent for YYY, and not as your agent.

9. Do you think Excerpt 4 could be made clearer regarding the cover of a vehicle for theft? if so, how could it be made clearer?

Excerpt 4

Theft of your vehicle:

Any theft of your vehicle unless at the time of the theft the ignition keys were not left in the vehicle whilst the vehicle is unattended; all the doors and windows were locked if the vehicle was parked or unattended; and you were accompanying anyone test driving the vehicle as part of you selling the vehicle.

10. What do you understand about the words: offeror, premium, excess, PDS.

11. Do you always look for the small print in a financial services product such as in Excerpt 5 and what do you think this means?

Excerpt 5

XXX group receives a commission of up to 37% of your premium for YYY home insurance, car insurance, travel insurance from the Issuer.

Credit cards

12. In Excerpt 6 do you understand the comment about “half” as much interest and also “when and how” interest is charged on credit cards:

Excerpt 6

We charge interest differently to other banks meaning you could pay around half as much interest with your ZZZ Mastercard- even if the interest is the same.
The key is when and how interest is charged.

13. From the four credit card options Excerpts 7A-7D, all from the same bank, how easy it is to decide which one of these credit cards to apply for, and why?

Excerpt 7A: Low-rate Mastercard

\$45 annual fee
Purchase interest 11.99%
Cash advance interest 13.99%
Up to 55 days interest free

Excerpt 7B: Low-rate Platinum Mastercard

\$89 annual fee

Purchase interest 11.99%

Cash advance interest 13.99%

Up to 55 days interest free

Mobile phone and tablet insurance if you lose your device or break the screen

Extended warranty on purchases

Excerpt 7C: Qantas Platinum Mastercard

0.6 Qantas points per dollar spent on the card

Free Qantas frequent flyer membership, usually \$89.50

\$149 annual fee

Purchase interest 19.99%

Cash advance interest 21.99%

Up to 55 days interest free

Excerpt 7D: RSPCA Mastercard

For every dollar you spend on your RSPCA Mastercard, we will donate a percentage to RSPCA

Adopt a pet

\$45 annual fee

Purchase interest 19.99%

Cash advance interest 21.99%

Up to 55 days interest free

Interest

13. In Excerpt 8, how long would it take to pay off a credit card with a \$3000 balance and a 15% interest rate if you pay \$50 a month?

Excerpt 8

How long would it take to pay off a credit card with a \$3000 balance and a 15% interest rate if you pay \$50 a month?

- Less than 3 years?
- 3-5 years?
- 5-7 years?
- 7-10 years?
- More than 10 years?

14. In Excerpt 9, how much difference does \$10 a month extra payment make in terms of time to pay off the \$3000?

Excerpt 9

If you paid an extra \$10 a month in the example above, \$60 rather than \$50, how much sooner would you pay off the credit card?

- a. Less than 6 months?
- b. 6 months - 1 year?
- c. 1-2 years?
- d. 2-3 years?
- e. 3-5 years?
- f. More than 5 years?

15. In Excerpt 10, how much less interest is paid by paying an extra \$10 per month?

Excerpt 10

In terms of interest, how much less interest would you pay if you paid \$60 rather than \$50 per month on the \$3000?

- a. Less than \$100
- b. Around \$300
- c. Around \$500
- d. Around \$700
- e. Around \$900
- f. More than \$1000

16. Excerpt 11 explains how interest is calculated. Do you know what the words base rate, reference rate, premium or discount, margin and initial interest rate all mean and is this clear to you?

Excerpt 11

We determine the interest rate by starting with a base rate (the reference rate) and adding or subtracting any premium or discount (the margin). The reference rate, your margin and your initial interest rate are set out in your schedule. We can change the reference rate and your margin.

17. Can you explain what you understand from Excerpt 12:

Excerpt 12

XXX Fixed Loans are based on XXX's Fixed Loan Index rates for the relevant fixed rate period. At the end of the fixed rate the loan will revert to a variable rate.

XXX Simplicity Plus loans are based on variable Simplicity Plus index rates which may move up or down with market conditions.

18. If you were taking out a loan now as in Excerpt 13, what would you do?

Excerpt 13

And if you want the best of both worlds, you can choose to split your home loan between variable and fixed 50-50, 60-40 or some other ratio, it's up to you.

19. In Excerpt 14 what do you understand by the "interest rate" that is given by the same bank?

Excerpt 14

a) $\frac{\text{Daily closing balance}}{365} * \frac{\text{interest rate}}{100}$

b) $\frac{\text{Daily closing balance}}{365} * \text{interest rate}$

20. Would you prefer a deposit account that paid split or tiered interest as in Excerpt 15?

Excerpt 15

Base interest refers to interest that is earned on your account each day that you have a positive closing balance. Your base interest rate can be split interest or tiered interest.

Split interest: a higher interest rate will apply to the portion of your account balance above that threshold.

Tiered interest: a higher interest rate will apply to your total account balance on the day the threshold is exceeded.

Loans

21. What comments can you make about the following two home loans, and would you consider either of them?

Excerpt 16 A: Home loan

... be better off with:

A rate of 3.78% / 3.84% p.a. comparison rate

Loan to value ratio (LVR) up to 80%

Additional repayments allowed

No annual or monthly fees

Free online redraw

100% mortgage offset

Borrow from \$150,000

Excerpt 16 B: Home loan

Take advantage of fee waivers and discounted rates on eligible home loans, for an annual fee of \$395. A minimum package lending balance of \$150,000 applies. This includes:

- 0.15% p.a. off fixed rate home loans
- \$0 annual fee on one eligible credit card
- \$600 establishment fee waived
- \$8 monthly loan service fee waived