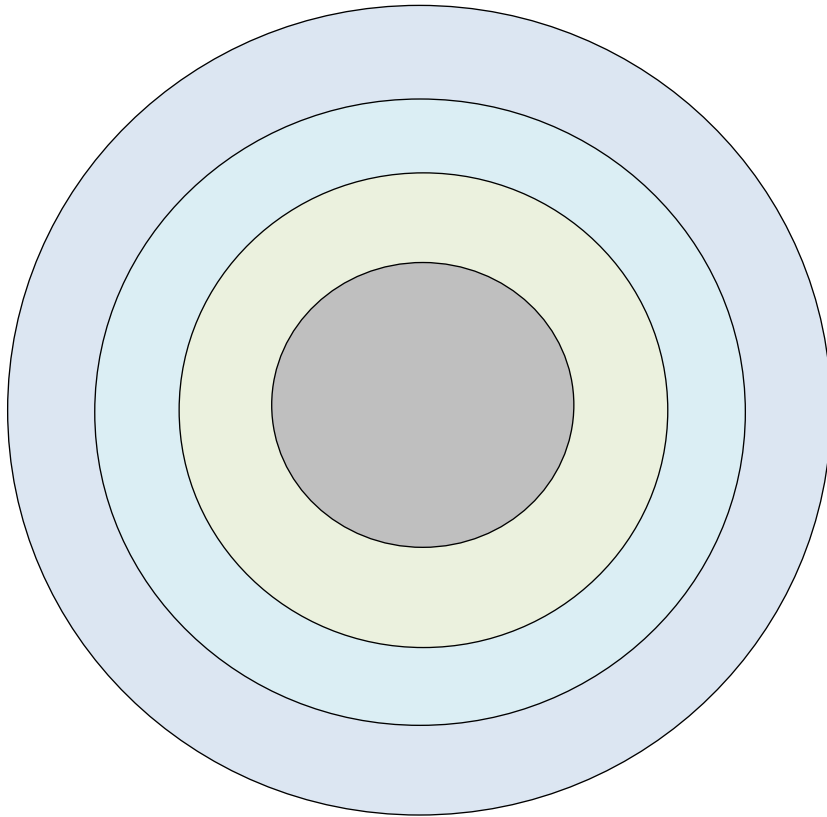


NZBA Priority	
	High
	Medium
	Low

- Current Priorities:**
- Commerce Commission market study
 - Financial Markets (Conduct of Institutions) Amendment Bill
 - Deposit Takers Act
 - Credit Contracts Legislation Amendment Act
 - Open data
 - Sustainability and climate change

Regulatory Radar – Key



The location of the item in the diagram indicates how far progressed the policy is. At the outer rim it indicates initial scoping. In the centre it indicates that it is being implemented.

NZBA Priority	
	High
	Medium
	Low

NZBA Priority measure is based on:

- the significance of the impact that the proposals would have on industry; and
- the priority accorded to the work by the Government or relevant agency.

Current Key Priorities lists the priority work areas for NZBA.

Relevant agencies	
MBIE	Ministry of Business, Innovation and Employment
RBNZ	Reserve Bank of New Zealand
IRD	Inland Revenue Department
MoJ	Ministry of Justice
FMA	Financial Markets Authority
LINZ	Land Information New Zealand
MSD	Ministry of Social Development
DIA	Department of Internal Affairs
MfE	Ministry for the Environment

Project	Priority	Lead agency	Comment	Next Steps
Market study to investigate banking competition	High	Commerce Commission	<p>On 20 June, Ministers Robertson and Webb announced a market study into competition in the banking sector for personal banking services. The final report will be published by 20 August 2024.</p> <p>The non-exhaustive initial scope of the market study is available here, with more details to be provided through a preliminary issues paper.</p>	<p>A preliminary issues paper will be published by the Commerce Commission by the end of August 2023.</p> <p>The Commerce Commission intends to release a draft report in March 2024.</p> <p>The final report will be published by 20 August 2024.</p>
Financial Markets (Conduct of Institutions) Amendment Bill	High	MBIE/FMA	<p>In September 2019 Minister Faafoi announced a new regime to regulate the conduct of financial institutions. The measures the Government is introducing include:</p> <ul style="list-style-type: none"> • A new conduct licensing system for banks, insurers and non-bank deposit takers such as credit unions. • A new regime requiring these entities to meet high standards of customer treatment. • A ban on incentives which are based on meeting sales targets. <p>In December 2019 the Financial Markets (Conduct of Institutions) Amendment Bill (CoFI) was introduced into Parliament.</p> <p>In June 2020, NZBA appeared in front of the Finance and Expenditure Committee in support of its submission.</p> <p>MBIE released two discussion documents in March 2021, one on the regulations to support the Bill, and the other on the treatment of</p>	<p>NZBA is continuing to engage with relevant officials and regulators on this work, as the focus turns to the creation of regulations and guidance, and the licensing process.</p> <p>The FMA opened a consultation on guidance for the intermediated distribution of financial products, which closed on 14 April.</p> <p>NZBA's submission can be found here. The FMA</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>intermediaries under the Bill. NZBA’s submission on these documents can be found here.</p> <p>In March 2022 MBIE released a cabinet paper Financial Markets (Conduct of Financial Institutions) Amendment Bill: Further Policy Decisions and Regulations.</p> <p>The Bill was passed on 29 June 2022. MBIE expects all obligations in the Bill and regulations to be in force by the end of 2024.</p> <p>MBIE ran two consultations relating to COFI, one on sales incentives (which closed on 9 November 2022) and one on licensing fees (which closed on 26 October 2022). NZBA’s submission on the sales incentives regulations can be found here.</p> <p>The FMA has released three documents to assist institutions with applying for a COFI licence:</p> <ul style="list-style-type: none"> • A licence application guide • A fair conduct programme information sheet • The standard conditions for financial institution licences. <p>MBIE published the final regulations on sales incentives (Financial Markets Conduct (Conduct of Institutions) Amendment Regulations 2020) and licensing fees (Financial Markets Conduct (Fees) Amendment Regulations 2023) on 8 June 2023.</p> <p>The FMA published the final guidance for the intermediated distribution of financial products on 26 June 2023.</p>	<p>published its final guidance on 26 June 2023.</p>
Review of the RBNZ Act	High	Treasury	<p>In November 2017 the Government announced it would undertake a review of the Reserve Bank of New Zealand Act 1989 to create a modern</p>	<p>The Government is intending the deposit protection scheme to “go</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>monetary and financial policy framework. The review is being undertaken in two phases.</p> <p>In December 2019 Finance Minister Grant Robertson announced the following further Cabinet decisions:</p> <ul style="list-style-type: none"> • Greater powers to monitor banks and hold directors and executives more accountable for their actions. • Introducing deposit insurance of \$50,000 per customer, per institution. We note that since these decisions were released, further Cabinet decisions have been made which amend the deposit insurance limit to \$100,000 per customer per institution (see further comment below). • A Governance Board to oversee financial stability matters. • A Financial Policy Remit will set out matters the Board must have regard to when pursuing RBNZ’s financial stability objectives. • Measures to increase transparency at RBNZ, including more oversight for the Auditor-General and the Ombudsman. • RBNZ will be given the ability to restore solvency or to recapitalise a failed deposit taker by writing down or converting to equity unsecured liabilities (statutory ‘bail-in’). <p>The changes are being implemented through a Deposit Takers Bill (which will govern RBNZ’s regulatory powers) and the Reserve Bank of New Zealand Bill (which outlines how RBNZ is governed and how it operates).</p> <p>In April 2021, the government announced further details of the Deposit Takers Bill, including:</p> <ul style="list-style-type: none"> • A deposit guarantee scheme which would protect deposits of up to \$100,000 per depositor, per financial institution, in the event of failure. This scheme will be fully funded by levies on member institutions. 	<p>live” around mid-late 2023.</p> <p>NZBA will continue to work with the RBNZ on the development and implementation of the Bill.</p> <p>The Bill was introduced and referred to the Finance and Expenditure Committee in September 2022. NZBA made a submission to the Committee and appeared in front of the Committee on 6 December.</p> <p>The Bill was reported back by the Committee on 11 April with limited changes.</p> <p>The Bill passed its third reading on 29 June 2023, with the Depositor Compensation Scheme intended to commence by late 2024.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> A new process for setting lending restrictions such as loan-to-value ratios. This will give the Minister of Finance a role in determining which types of lending the Reserve Bank is able to directly restrict. <p>The Reserve Bank of New Zealand Bill received Royal Assent on 16 August 2021.</p> <p>The Reserve Bank released an exposure draft of the Deposit Takers Bill on 6 December 2021. NZBA made a submission on the Bill, which can be found here. A second draft of the Bill was reported back by the Finance and Expenditure Select Committee on 11 April, which can be found here. The Bill reflects the following policy developed since the April 2021 Cabinet decisions:</p> <ul style="list-style-type: none"> Substantial detail on resolution powers and ‘No Creditor Worse Off’ provisions, A decision to not implement statutory bail-in at this time. <p>A Supplementary Order Paper was released on 20 June 2023 relating to the Bill. The key points emerging from the SOP include:</p> <ul style="list-style-type: none"> clarifies the dates by which certain actions under the Bill will be required (e.g. the first proportionality framework will be due within 9 months of enactment, and the first Statement of Funding Approach (for Depositor Compensation Scheme levies) will be due within 12 months of enactment); provides further information around how DCS levies will be set and imposed; provides for information-gathering and resolutions powers exercisable by the RBNZ; and amends the definition of “licensed deposit taker group” to include both a bank, its subsidiaries, <u>and</u> its parent companies. 	

Project	Priority	Lead agency	Comment	Next Steps
Credit Contracts Legislation Amendment Act	High	MBIE	<p>The Credit Contracts and Consumer Finance (Lender Inquiries into Suitability and Affordability) Amendment Regulations 2020 were made in December 2020. They relate to:</p> <ul style="list-style-type: none"> • requirements to keep records of affordability and suitability assessments, and how fees are calculated; • providing disclosure to borrowers in languages used in advertising language; • providing information about disputes resolution schemes and financial mentoring services; • requirements for creditors and mobile traders to be certified; • regulations setting minimum requirements for affordability, suitability, responsible advertising, debt collection disclosure; and • duties on directors and senior managers. <p>The new regulations and most remaining provisions of the Credit Contracts Legislation Amendment Act came into force on 1 December 2021, as did most changes to the Responsible Lending Code. The changes to Chapter 12 of the Responsible Lending Code came into force on 1 February 2022.</p> <p>In the first quarter of 2022 the Minister of Commerce and Consumer Affairs announced initial changes to the CCCFA regulations and the Responsible Lending Code. MBIE opened a consultation on these changes which closed on 20 April 2022. NZBA's submission can be found here.</p> <p>The initial changes to the CCCFA came into force on 7 July 2022. The updated Responsible Lending Code and Regulations can be found here.</p> <p>The Minister of Commerce and Consumer Affairs asked CoFR to investigate whether banks and lenders are implementing the new CCCFA</p>	<p>NZBA is continuing to engage with MBIE and the Commerce Commission in relation to the implementation of this legislation.</p> <p>MBIE released an exposure draft of the proposed amendments on 22 September 2022 (reflecting the Minister's decisions following the August CoFR report), with submissions due on 20 October 2022.</p> <p>NZBA's submission can be found here. These regulations came into force from 4 May 2023.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>regime as intended. CoFR's report was released on 2 August 2022, along with the following proposed changes:</p> <ul style="list-style-type: none"> • narrowing the expenses considered by lenders • relaxing the assumptions that lenders were required to make about credit cards and BNPL schemes • helping make debt refinancing or debt consolidation more accessible if appropriate for borrowers. 	
Open data	High	MBIE	<p>In March 2018, Payments NZ (PNZ) announced an API pilot involving banks, payment providers and large retailers. The pilot tested two API standards – Account Information and Payment Initiation – and provided valuable insights into the design of a shared API framework. Following the success of the pilot, an API standards service was launched to the industry in May 2019.</p> <p>In December 2019, the Minister of Commerce and Consumer Affairs wrote to the banks that are involved in the Payments NZ API project, setting out his views on the project and open banking generally. The letter acknowledges progress to date, concerns about certain areas and outlines some expectations to ensure good progress is continued.</p> <p>On 5 August 2020, MBIE published a discussion document seeking feedback on options for establishing a consumer data right in New Zealand. NZBA's submission on the discussion document is here.</p> <p>On 10 November 2022, the Minister of Commerce and Consumer Affairs announced that banks will be the first sector to implement a consumer data right, also referred to as "open banking".</p> <p>On 22 June 2023, MBIE released an exposure draft of the Customer and Product Data Bill. The Bill will set a regulatory framework for a consumer</p>	<p>MBIE released an exposure draft of the Customer and Product Data Bill on 22 June 2023. NZBA is currently preparing a submission on the exposure draft.</p>

Project	Priority	Lead agency	Comment	Next Steps
			data right in New Zealand. Consultation on the exposure draft closes on 24 July 2023.	
Sustainability and climate change	High	Multiple agencies	<p>In September 2020, the Government announced that it will introduce mandatory climate-related financial disclosure requirements. The new disclosure regime will require annual disclosure of financially material climate-related risks and opportunities in mainstream financial reports, such as annual reports. It will apply to:</p> <ul style="list-style-type: none"> • registered banks, credit unions, and building societies with total assets of more than \$1 billion; • managers of registered investment schemes with greater than \$1 billion in total assets under management; • licensed insurers with greater than \$1 billion in total assets under management or annual premium income greater than \$250 million • equity and debt issuers listed on the NZX with a combined market price or quoted debt exceeding \$60 million; and • crown financial institutions with assets greater than \$1 billion assets under management. <p>The Bill received Royal Assent on 27 October 2021.</p> <p>NZBA made a submission on MfE’s Discussion Document: Transitioning to a low-emissions and climate-resilient future in November 2021. The submission can be found here.</p> <p>MBIE opened a consultation on its “Te Ara Paerangi - Future Pathways” Green Paper. This consultation closed on 16 March 2022. NZBA made an industry submission on this paper.</p> <p>The Ministry for the Environment has consulted on its draft National Adaptation Plan to help Aotearoa New Zealand adapt to and minimise the</p>	<p>NZBA will continue to engage with relevant officials on climate change matters throughout 2023.</p> <p>The Climate Change Commission opened a consultation in May on its draft advice on the second emissions reduction plan. NZBA’s submission on this consultation can be found here.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>harmful impacts of climate change. NZBA's submission can be found here. The final National Adaptation Plan was released on 6 August 2022.</p> <p>NZBA made a submission to the XRB on its final climate standards consultation in September 2022. The XRB published the Aotearoa New Zealand Climate Standards in December 2022.</p> <p>In October 2022, the Government released a proposal to price agricultural greenhouse gas emissions from 2025. It is proposing the introduction of a farm-level levy with separate prices for short and long-lived gases. A consultation on these proposals closed on 18 November 2022. NZBA's submission can be found here.</p> <p>NZBA made a submission to MBIE on its consultation: Assurances over climate related disclosures on 10 February.</p> <p>The RBNZ opened a consultation in March on its proposed new guidance for the financial sector on managing climate-related risks. NZBA's submission on the guidance can be found here.</p>	
RBNZ Macro-prudential Policy	Medium	RBNZ	<p>Finance Minister Grant Robertson and the RBNZ have updated the Memorandum of Understanding on macro-prudential policy to add debt serviceability tools. The RBNZ has consulted on a proposal to further reduce the amount of high Loan-to-Value Ratio (LVR) lending to owner-occupiers. Following consultation, the RBNZ has decided to restrict the amount of lending banks do above an LVR of 80% to 10% of all new loans (down from the current 20%).</p> <p>The RBNZ opened a debt serviceability consultation on the implementation of:</p> <ul style="list-style-type: none"> Debt-to-Income (DTI) restrictions – which impose a cap on debt as a multiple of a borrower's income, and 	<p>The new LVR requirements applied from 1 November 2021.</p> <p>The RBNZ released a DTI restriction framework on 3 April 2023. The framework does not immediately activate or calibrate DTI restrictions, but provides clarity and a timeframe for compliance</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> Interest rate floors - on the test interest rates used by banks in their serviceability assessments of borrowers. <p>The RBNZ's debt serviceability consultation closed on 28 February 2022. NZBA's submission can be found here. The RBNZ published a summary of submissions in April 2022.</p> <p>The RBNZ opened a further consultation on debt serviceability, specifically, a framework for debt-to-income restrictions. This consultation closed on 14 December 2022. NZBA's submission can be found here.</p>	with a possible DTI restriction in future.
AML/CFT	Medium	MoJ	<p>In early October, MoJ released a consultation paper on the statutory review of the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT Act). The paper covers a broad range of topics, and can be found here. Submissions on the statutory review of the AML/CFT Act closed on 6 December 2021. NZBA's submission can be found here.</p> <p>In November 2022, the Minister of Justice announced proposals to amend the AML/CFT regime and tabled MoJ's report on the review of the AML/CFT Act.</p> <p>In March 2023, MoJ opened a consultation on 'early' changes to the AML/CFT regime, which includes an exposure draft and a consultation document. This consultation closed on 14 April 2023. NZBA's submission can be found here.</p>	
Future of Money	Medium	RBNZ	<p>The Future of Money – Te Moni Anamata – is considering the implications for New Zealanders of falling cash use for every-day transactions, including the impacts on the system that supplies, moves and stores it.</p>	The RBNZ has opened a consultation on The Future of Money – Private Innovation. This

Project	Priority	Lead agency	Comment	Next Steps
			<p>RBNZ consulted on the implications of a contracting cash network in the issues paper: The future of cash use – Te whakamahinga moni anamata.</p> <p>Respondents to the issues paper submitted that cash has an important role in society and, although cash use is declining, some New Zealanders are still heavily reliant on cash, and many want to maintain the option to use cash alongside other means of payment.</p> <p>Following that, RBNZ published a consultation paper which proposed that the RBNZ take on a more active monitoring and coordination role in the cash system, and be given appropriate information-gathering powers to support this role.</p> <p>In November 2019 NZBA submitted on RBNZ’s consultation paper: <i>The future of the cash system – Te pūnaha moni anamata</i>.</p> <p>In early October 2021, the RBNZ released two consultation papers under its Future of Money project, one focusing on Stewardship, and one focusing on a Central Bank Digital Currency. These consultations closed on 6 December 2021. RBNZ released a further consultation on 30 November 2021 outlining options for cash system reform, which closed on 7 March 2022.</p> <p>NZBA prepared industry submissions on the Future of Money consultations which can be found here and here. The RBNZ published a summary of responses to the Future of Money consultations in April 2022.</p>	consultation closed on 3 April 2023.
RBNZ Other	Medium	RBNZ	<p><i>RBNZ Enforcement Framework Consultation</i></p> <p>The RBNZ released a consultation paper on its proposed enforcement framework in October 2021. NZBA’s submission can be found here.</p> <p><i>RBNZ Branch Review Consultation</i></p>	

Project	Priority	Lead agency	Comment	Next Steps
			<p>The RBNZ is reviewing its policy for branches of overseas banks. It released a consultation paper in October 2021, with submissions due on 2 March 2022. The paper can be found here. The RBNZ has released a second and final consultation paper, submissions closed 16 November 2022.</p> <p><i>RBNZ Review of Connected Exposures Policy (BS8) for Banks</i> The RBNZ is reviewing its Connected Exposures Policy for locally incorporated banks. The key proposals are to align the Connected Exposures Policy with the existing capital adequacy framework and to respond to a recommendation from the International Monetary Fund’s Financial Sector Assessment Programme review in 2017. Submissions closed on 31 March 2022.</p> <p>The RBNZ has published an Exposure Draft of the Connected Exposures Policy, which was open for feedback until 8 March 2023. NZBA’s submission can be found here.</p> <p><i>RBNZ Liquidity Policy Review</i> The RBNZ has consulted on its Liquidity Policy Review. The consultation paper can be found here, and NZBA’s submission here. The RBNZ has published a summary of the submissions it received and noted a further consultation is expected during 2023. The RBNZ has opened a further consultation on its Liquidity Policy Review, which closed on 12 May. NZBA’s submission can be found here.</p> <p><i>RBNZ Improving Māori access to capital</i> The RBNZ has released an issues paper Improving Māori Access to Capital. The RBNZ notes that “the issues paper outlines some of the factors that may act as barriers between Māori and specific forms of</p>	

Project	Priority	Lead agency	Comment	Next Steps
			capital in the financial system, and identifies potential pathways for access”.	
Digital Identity Trust Framework	Medium	DIA	<p>In July 2020, Cabinet agreed to establish the Digital Identity Trust Framework in legislation. In February 2021, Cabinet approved policy proposals that underpin the Digital Identity Trust Framework, including the establishment of an Accreditation Authority and Governance Board.</p> <p>In September 2021, the Digital Identity Services Trust Framework Bill was introduced to Parliament. It was referred to Economic Development, Science and Innovation Committee, with submissions to the Select Committee due 2 December, with a report published 19 April 2022. NZBA’s submission on the Bill can be found here. The Bill was passed on 30 March 2023.</p>	
Modern Slavery	Medium	MBIE	In April 2022, MBIE released a consultation paper on a legislative framework for addressing modern slavery and worker exploitation. NZBA made a submission on this paper, which can be found here .	MBIE will consider the submissions it has received and report back to the Minister for Workplace Relations and Safety.
Review of Capital Adequacy Framework	Low	RBNZ	<p>The aim of the review was to ensure that New Zealand has a capital regime that provides a high level of confidence in the solvency of the banking system, while avoiding unnecessary economic inefficiency.</p> <p>In December 2019 RBNZ announced its final decisions on the capital review, which included:</p> <ul style="list-style-type: none"> total capital increasing from a minimum of 10.5% now, to 18% for the four large banks and 16% for the remaining smaller banks; the inclusion of AT1 instruments as part of the capital stack; and 	RBNZ has released an updated Capital Review Implementation Timeline . Implementation of new capital rules began on 1 October 2021, and increases in minimum requirements started on 1 July 2022.

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> a transition period of 7 years (rather than 5 years). <p>NZBA's media release on RBNZ's decisions is here.</p> <p>In November 2020, RBNZ announced a further delay in the start of increases in bank capital until 2022 to allow banks continued headroom to respond to the effects of the COVID-19 pandemic and to support economic recovery. The changes mean the increase in the Prudential Capital Buffer will not begin until July 2022. In November 2020, RBNZ began consulting on the details for implementing the final capital review decisions. NZBA's submission on the consultation can be found here.</p> <p>Some of the most significant changes in the consultation include implementing the new rules for capital instruments, and consulting about the RBNZ's response if a bank does not meet capital buffer requirements.</p> <p>The Reserve Bank published its finalised bank capital adequacy requirements on 17 June 2021, outlined in the Banking Prudential Requirements documents.</p>	<p>RBNZ released a Risk Weights consultation paper, which seeks feedback on possible changes to some of the approaches to the risk weighting of bank exposures that is set out in the Banking Prudential Requirements documents. This consultation closed on 28 February.</p>
Beneficial Ownership of New Zealand Companies and Limited Partnerships	Low	MBIE	<p>On 19 June 2018, MBIE released a discussion document seeking feedback on what requirements there should be on New Zealand companies and limited partnerships to hold and disclose information about their beneficial owners: Increasing the transparency of the beneficial ownership of New Zealand Companies and Limited Partnerships.</p> <p>On 2 August 2018 NZBA submitted on MBIE's discussion paper on beneficial ownership.</p> <p>On 22 March 2022, the Minister of Commerce and Consumer Affairs announced the Government's proposal to introduce a new beneficial ownership register for limited partnerships and companies.</p>	<p>MBIE expects a draft Bill containing the proposed amendments will be made available for public consultation in the near future.</p>

