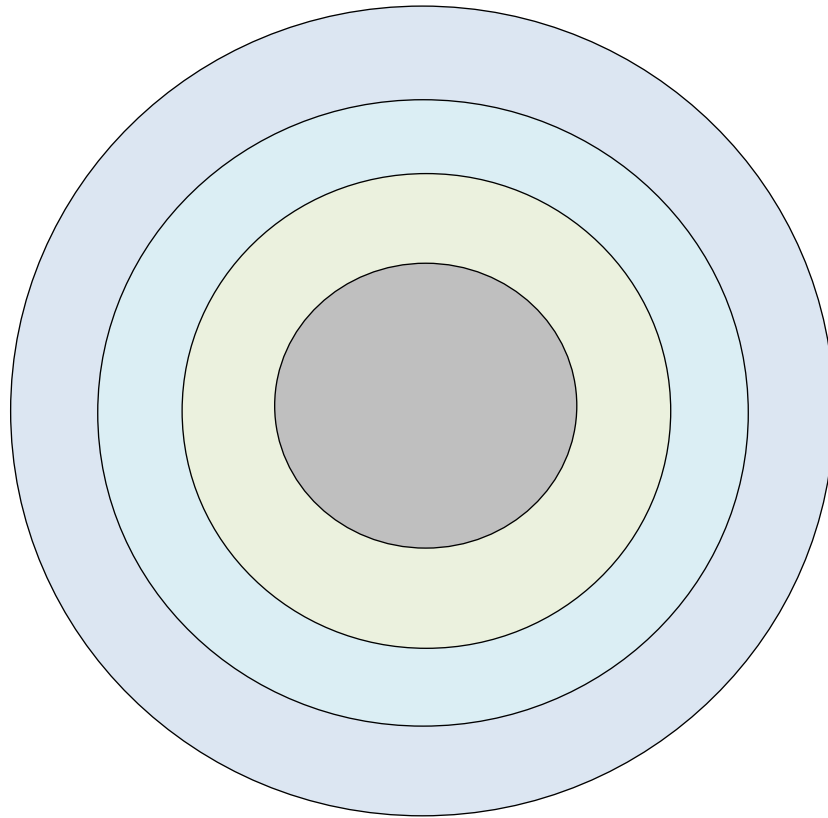


NZBA Priority	
	High
	Medium
	Low

- Current Key Priorities:**
- Conduct and Culture Review
 - Review of the RBNZ Act
 - Review of Capital Adequacy Framework
 - Credit Contracts Legislation Amendment Bill
 - Open Banking



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:

- Conduct and Culture Review
- Review of the RBNZ Act
- Review of Capital Adequacy Framework
- Credit Contracts Legislation Amendment Bill
- Open Banking

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

Project	Priority	Lead agency	Comment	Next Steps
Conduct and Culture Review	High	RBNZ/FMA	<p>On 3 May 2018 RBNZ and FMA (the regulators) wrote to the chief executives of New Zealand’s retail banks and NZBA requesting information on the systems and controls that banks use to identify and manage conduct risk. Eleven retail banks responded to that information request on 18 May 2018. The regulators then set up a joint working group to undertake a thorough review of the material provided (the Conduct and Culture Review).</p> <p>NZBA submitted to the Finance and Expenditure Committee regarding the Australian Royal Commission into financial services in July 2018 and appeared before the Committee in support of its submission in September 2018.</p> <p>The regulators released the findings of the Conduct and Culture Review on 5 November 2018. The Review found no evidence of widespread misconduct and culture issues across the industry, however, it identified weaknesses in the governance and management of conduct risks.</p> <p>All 11 banks involved in the Conduct and Culture Review responded with individual work plans. NZBA issued this media release on the Conduct and Culture work plans.</p> <p>In January 2019 the Ministers of Finance and Commerce and Consumer Affairs announced that Government would introduce a suite of measures to address gaps in the regulation of financial service providers’ conduct.</p> <p>On 30 April 2019 MBIE published the options paper: Conduct of Financial Institutions. The paper considers a range of options to ensure that conduct and culture in the financial sector is delivering</p>	<p>In June 2019 the FMA and Reserve Bank of New Zealand confirmed that all retail banks had committed to remove sales incentives for frontline staff and their managers no later than the first performance year beginning after 30 September 2019.</p> <p>Legislation to address gaps in the regulation of financial institutions is expected to be introduced before the end of the year.</p>

Project	Priority	Lead agency	Comment	Next Steps
			good outcomes for all customers. In June 2019 NZBA submitted on the options paper.	
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 monetary and financial policy framework. The review is being undertaken in two phases.</p> <p>Phase One involved a review of monetary policy, culminating in the Reserve Bank of New Zealand (Monetary Policy) Amendment Act 2018.</p> <p>Phase Two involves a comprehensive review of the financial policy provisions of the Act that provide the legislative basis for prudential regulation and supervision. It is also reviewing the broader governance arrangements for RBNZ, including the respective roles of the Board and Governor.</p> <p>In March 2018 NZBA submitted to Treasury on the scope of Phase Two in support of a comprehensive review, with a focus on financial stability and current governance and accountability settings.</p> <p>The Terms of Reference for Phase Two were released by the Finance Minister in June 2018.</p> <p>The first of the Phase Two consultations – Reserve Bank Act Review: Safeguarding the future of our financial system – was published in November 2018. In February 2019 NZBA submitted on that consultation.</p> <p>In February 2019 Treasury published a report summarising the key messages and themes emerging from the submissions received.</p> <p>The second round of Phase Two consultations was published in June 2019. This includes a number of in-principle decisions:</p>	<p>In August NZBA submitted on the second round of the Phase Two consultation.</p> <p>A third round is planned before the end of 2019.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> the RBNZ is to have a single high-level financial policy objective of protecting and enhancing financial stability; the current dual regimes for banks and NBDTs will be consolidated into a single regime for regulating “licensed deposit takers” (similar to the Australian ADIs); a depositor protection scheme will be introduced; RBNZ will remain responsible for prudential regulation functions; and RBNZ is to adopt the board governance model used by other Crown entities. <p>And topics for consultation:</p> <ul style="list-style-type: none"> the nature of the prudential regulatory tools and powers RBNZ should have; RBNZ's role in macro-economic policy; RBNZ's approach to supervising and enforcing prudential regulation; management of RBNZ's balance sheet; RBNZ's crisis management powers; how RBNZ should co-ordinate with other agencies; and how RBNZ should be funded and resourced. 	
Review of Capital Adequacy Framework	High	RBNZ	<p>The aim of the review is 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 May 2017 RBNZ released an issues paper to provide stakeholders with the opportunity to provide initial feedback on the intended scope of the review, and issues that might warrant attention.</p> <p>In June 2017 NZBA submitted on the issues paper.</p>	<p>In June 2019 RBNZ published the submissions received on Capital Review Paper 4.</p> <p>RBNZ expects to make final decisions in November 2019.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>In July 2017 RBNZ opened consultation on what type of financial instruments should qualify as bank capital. The issues and options paper set out proposed reforms, with the aim of reducing the complexity of the regulatory regime, providing greater certainty about the quality of capital that banks hold, and reducing the scope for regulatory arbitrage.</p> <p>In September 2017 NZBA submitted on the issues and options paper commenting on the contextual basis for the reform and the reform proposals.</p> <p>In November 2017 NZBA published an analysis of the international comparability of the capital ratios of New Zealand’s major banks.</p> <p>In December 2017 RBNZ sought feedback on the options for calculating risk weighted assets: Calculation of Risk Weighted Assets.</p> <p>In March 2018 NZBA submitted on the consultation paper reiterating the view that New Zealand’s capital framework is conservative compared to overseas jurisdictions.</p> <p>In July 2018 RBNZ published its response to submissions on the calculation of risk weighted assets.</p> <p>On 14 December 2018 RBNZ published Capital Review Paper 4: How much capital is enough?</p> <p>In May 2019 NZBA submitted on Capital Review Paper 4, recommending that RBNZ:</p> <ul style="list-style-type: none"> • reduce the total capital requirement; • allow a more diverse range of capital instruments; and • create a more realistic transitional framework. <p>NZBA also commissioned two pieces of research:</p>	

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> An independent economic review, undertaken by former Treasury secretary Dr Graham Scott. An updated review of the international comparability of the capital ratios of New Zealand's major banks, undertaken by PwC. <p>As part of the next stage of the capital review, RBNZ has commissioned three external experts to independently review the analysis and advice underpinning the capital review proposals. The Terms of Reference for that review can be found here. In June and July 2019 NZBA and Dr Graham Scott met with the external experts as part of their independent reviews.</p>	
Credit Contracts Legislation Amendment Bill	High	MBIE	<p>MBIE was asked by Hon Kris Faafoi, Minister of Commerce and Consumer Affairs, to conduct a review of the 2015 amendments to the Credit Contracts and Consumer Finance Act 2003 (CCCFA) (relating to responsible lending, penalties and enforcement, repossession and other lender responsibilities).</p> <p>In June 2018 MBIE released a discussion document seeking feedback on a review of New Zealand's consumer credit regulation. On 1 August 2018 NZBA submitted on MBIE's discussion document.</p> <p>In June 2018 Cabinet issued its decision on s 99(1A) of the CCCFA and recommended that changes be included in the legislation resulting from the CCCFA review.</p> <p>In October 2018 the Minister for Commerce and Consumer Affairs released his policy decisions on the CCCFA review.</p> <p>In April 2019 the Credit Contracts Legislation Amendment Bill was introduced into Parliament and referred to the Finance and Expenditure Committee.</p>	<p>NZBA made a submission to the Finance and Expenditure Committee on the Bill in June 2019 and appeared before the Committee in support of its submission in July 2019.</p> <p>Concurrently, NZBA is working with MBIE on the development of regulations around affordability and suitability assessments, and responsible advertising.</p>

Project	Priority	Lead agency	Comment	Next Steps
			NZBA is also a member of the Responsible Lending Code Advisory Group, facilitated by MBIE. The purpose of these meetings is to monitor the impact of the Responsible Lending Code and the relevant legislative amendments.	
Open Banking	High	MBIE	<p>On 8 September 2017 MBIE published the cabinet paper – Retail payment systems: update on next steps – which formed the basis of the Minister of Commerce and Consumer Affairs’ (then, Hon Jacqui Dean) letter to industry participants setting out her expectations regarding the future directions of the payments system.</p> <p>The cabinet paper identifies open banking as being a key issue internationally, and considers that industry-led open banking initiatives would be likely to result in favourable competitive pressures and reduce the need for regulatory action.</p> <p>In March 2018, Payments NZ (PNZ) launched an API pilot involving banks, payment providers and large retailers. The pilot will provide valuable insights into the design of a shared API framework and will inform the debate around what open banking means for New Zealand. Further details about the pilot can be found here.</p> <p>On 26 June 2018 the Minister of Commerce and Consumer Affairs gave a speech at the Payments NZ Conference in which he encouraged the progression of the API framework (in particular, with respect to access and use by third-parties) within the next year.</p> <p>The API service was successfully launched to the industry on 23 May 2019. The Minister for Commerce and Consumer Affairs spoke at the launch and, in his address to attendees, congratulated the industry for reaching this milestone but reiterated in the coming months his expectations for the industry:</p>	<p>The API service has been transitioned to the API Centre for ongoing management and governance. Further information regarding the API Centre can be found here.</p> <p>Focus is now on banks making their APIs available to, and entering into the due diligence and commercial process with, users.</p> <p>MBIE will remain actively involved having an observer role at the API Council.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> all major banks participating in the API Centre and working with third parties; broad participation from across the ecosystem, with transparent and affordable commercial terms; and as much standardisation as possible in terms of APIs used and access to them. 	
Financial Markets (Derivatives Margin and Benchmarking) Reform Act	Medium	MBIE / RBNZ	<p>On 13 July 2017 RBNZ and MBIE opened public consultation on foreign margin requirements for derivatives. The consultation paper identified specific impediments in New Zealand insolvency laws and proposed a number of targeted legislative amendments to address them.</p> <p>In August 2017 NZBA submitted on the consultation.</p> <p>In 2018 Cabinet agreed to amend legislation to remove the legal impediments to New Zealand entities complying with margining requirements.</p> <p>In February 2019 the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Bill was introduced into Parliament.</p> <p>As well as implementing earlier decisions made by Cabinet on amendments to address impediments to compliance with foreign margin rules for derivatives, the Bill also establishes a new licensing regime for administrators of financial benchmarks so that New Zealand can comply with the requirements of the European Union Benchmarks Regulation.</p> <p>In April NZBA submitted to the Finance and Expenditure Committee on the Bill.</p>	<p>The Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act passed its third reading on 27 August 2019 and received Royal Assent on 30 August 2019.</p>

Project	Priority	Lead agency	Comment	Next Steps
Financial Services Legislation Amendment Act and Regulations	Medium	MBIE	<p>The Financial Services Legislation Amendment Act 2019 passed its third reading and received Royal Assent in April 2019.</p> <p>NZBA has submitted on the following discussion papers in relation to the Act:</p> <ul style="list-style-type: none"> • New disclosure requirements for those providing financial advice. NZBA's submission can be found here. • Regulations to support measures in the Bill relating to misuse of the Financial Service Providers Register. NZBA's submission can be found here. • Financial advice provider licensing fees and changes to the FMA levy. NZBA's submission can be found here. • Proposed standard conditions for transitional licensees under the new financial advice regime. NZBA's submission can be found here. <p>In May 2019 the Code of Professional Conduct for Financial Advice Services was approved by the Minister for Commerce and Consumer Affairs.</p>	<p>FMA will start accepting transitional licence applications from 4 November 2019.</p> <p>Supporting regulations relating to disclosure requirements, licensing fees and industry levies, and registration requirements are yet to be finalised.</p>
Complaints Dashboard	Medium	Banking Ombudsman Scheme	<p>RBNZ and FMA, in the findings of their review of banks' conduct and culture in November 2018, noted that banks, regulators and the wider industry should have a view of the issues that cause complaints, and how widespread these are, including the insights from complaints that can improve customer outcomes.</p> <p>The Banking Ombudsman Scheme (BOS) has since begun development of an industry-wide complaints dashboard.</p> <p>BOS' members have agreed in-principle for it to collect anonymised complaints data to create a central repository of information. That data will be aggregated and published on a Dashboard that displays details</p>	<p>The intention is to release the Dashboard in three stages over six months:</p> <ul style="list-style-type: none"> • Stage 1, December 2019: an initial Dashboard based on 12 data items. • Stage 2, February 2020: add a further 10 data items.

Project	Priority	Lead agency	Comment	Next Steps
			<p>about types of complaints, number of complaints, resolution timeframes and outcomes.</p> <p>All members involved in the Conduct and Culture Review have agreed with, and are contributing to, this initiative and it is being carried out in consultation with FMA and RBNZ.</p>	<ul style="list-style-type: none"> Stage 3, May 2020: add a further 12 data items. <p>BOS is currently working with banks to define key terms underpinning the dashboard.</p>
Privacy Bill	Medium	MoJ	<p>The Privacy Bill was introduced into Parliament on 20 March 2018 and had its first reading on 11 April 2018, following which it was referred to the Justice Committee.</p> <p>NZBA submitted to the Justice Committee on 7 June 2018 and appeared before the Committee in support of its submission on 6 September 2018.</p> <p>The Committee reported back to the House on 13 March 2019. The final report can be found here.</p> <p>The Committee made four key recommendations:</p> <ul style="list-style-type: none"> That the Bill applies to any actions taken by (i) a New Zealand agency (whether inside or outside New Zealand); and/or (ii) an overseas agency carrying on business in New Zealand, in respect of all personal information collected or held by that agency in the course of carrying on business in New Zealand. Retention of the requirement that agencies remain accountable for personal information, where that information is subsequently held by another agency for safe custody or processing. Increasing the reporting threshold from “harm” to “serious harm” to help reduce the risk of over reporting, provide more certainty to agencies and better align the Bill with overseas jurisdictions. 	<p>The Bill passed its second reading on 7 August 2019 and will now proceed to the Committee of whole House.</p> <p>It is currently scheduled to take effect from 1 March 2020 (with regulations relating to prescribed binding schemes and prescribed countries able to be introduced earlier).</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> A requirement that the Commissioner publishes details of compliance notices (including the identity of the agency), unless it would cause the agency undue harm that outweighs the public interest. 	
Farm Debt Mediation Bill	Medium	Ministry for Primary Industries	<p>In December 2018 Cabinet gave policy approval to establish a statutory scheme for the mediation of farm debt in New Zealand. The proposed scheme would require secured creditors to farm businesses to offer statutory mediation before taking any enforcement action in relation to debt held over that business. It would also allow for farmers to initiate statutory mediation with a secured creditor.</p> <p>In May 2019, NZBA provided feedback to MPI as part of a targeted consultation on the proposed Government Bill.</p> <p>The Farm Debt Mediation Bill (No.2) was introduced into Parliament on 18 June 2019 and had its first reading on 27 June 2019.</p>	In August 2019 NZBA made a submission on, and appeared in support of, the Bill at the Primary Production Committee.
Financial Action Task Force Mutual Evaluation (AML/CFT)	Medium	RBNZ	<p>In March 2020, New Zealand will be subject to an international review (the Mutual Evaluation) to assess its level of compliance against international anti-money laundering and countering financing of terrorism (AML/CFT) standards (more commonly known as the Financial Action Task Force Recommendations).</p> <p>The Mutual Evaluation will have two primary focuses, firstly, does New Zealand's legal framework meet the international AML/CFT standards and secondly, how well does New Zealand's AML/CFT system operate in practice. The banking sector will be a major component of the Mutual Evaluation. The final report and ratings are expected to be published by the end of 2020.</p>	Members and RBNZ will continue to work closely to prepare for the evaluation.

Project	Priority	Lead agency	Comment	Next Steps
Overseas Investment Act Review	Medium	Treasury	<p>In October 2018 Treasury announced that the Government would undertake a further review of the Overseas Investment Act 2005. The Terms of Reference can be found here.</p> <p>In April Treasury launched its public consultation document on the second phase of its Overseas Investment Act 2005 reforms. It is focused on ensuring New Zealand remains an attractive destination for high-quality productive overseas investment and ensuring such investments are in the national interest.</p>	On 24 May 2019 NZBA submitted on Treasury's consultation document, with a focus on ensuring that 'overseas person' is defined in a way that does not capture banks providing financing.
Protecting Business and Consumers from Unfair Commercial Practices	Medium	MBIE	<p>On 10 December 2018, MBIE released a discussion paper seeking feedback on whether there is a need for additional protections for businesses and consumers against unfair commercial practices: Protecting businesses and consumers from unfair commercial practices.</p>	MBIE has published the submissions received on the consultation here . Ministers are currently considering policy options and any policy decisions will be announced later in 2019.
Beneficial Ownership of New Zealand Companies and Limited Partnerships	Medium	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>	Decisions from the Government are expected by the end of 2019.
Automatic Exchange of Information/	Medium	IRD	<p>In June 2018 NZBA issued media releases on the freezing/closure of bank accounts, in line with AEOI requirements. Those media releases can be found here and here.</p>	NZBA will continue to engage with IRD during the reporting periods to help

Project	Priority	Lead agency	Comment	Next Steps
Common Reporting Standard (AEOI/CRS)				ensure industry concerns and suggestions on implementation are taken on-board.
Public disclosure of bank breaches of regulatory requirements	Medium	RBNZ	<p>In October 2018 RBNZ published a consultation paper proposing changes to the reporting and publishing of regulatory breaches by banks: Public and private reporting by banks of breaches of regulatory requirements, with consideration of materiality.</p> <p>One of the conclusions of the Regulatory Stocktake, and following the development of the Bank Financial Strength Dashboard, was that banks should be formally required to notify RBNZ of any breaches of their conditions of registration, and that RBNZ should draw on that reporting to publish collated information on bank breaches on a dedicated new page on its website. This consultation paper sought views on the proposed mechanism for putting that conclusion into effect, as well as the option of applying a materiality threshold to the publication of breaches.</p>	<p>NZBA submitted on RBNZ's consultation in December 2018.</p> <p>RBNZ has published the submissions received on the consultation here.</p> <p>In June 2019 industry participated in an RBNZ workshop on the proposals.</p>
Review of Mortgage Bond Collateral Standards	Medium	RBNZ	<p>On 17 November 2017 RBNZ published a consultation paper proposing an enhanced mortgage bond standard aimed at supporting confidence and liquidity in the financial system. The consultation paper can be found here. A summary of submission can be found here.</p> <p>On 13 November 2018 RBNZ published an exposure draft of its policy Residential Mortgage Obligations (RMO) - Introducing a high grade residential mortgage backed securities framework for New Zealand. This followed an initial consultation in November 2017 and ongoing discussion with issuers and investors over 2018.</p>	<p>RBNZ has now published submissions, and a summary of submissions, on its website. RBNZ is aiming to finalise the policy framework in 2019 and will agree an implementation plan for the RMO standard through working groups covering three key areas – loan level data, operational</p>

Project	Priority	Lead agency	Comment	Next Steps
				implementation and legislative processes.
Debt-to-Income Ratios (DTI)	Medium	RBNZ	<p>RBNZ noted in the consultation paper: Adjustments to Restrictions on High-LVR Residential Mortgage Lending that it is progressing its work on potential limits to high DTI ratio lending, which would be a potential complement to LVR restrictions.</p> <p>RBNZ continues to gather information about the DTI levels of borrowers and assess the potential case for the use of DTI limits.</p> <p>On 8 June 2017 RBNZ released a consultation paper seeking feedback on the addition of DTI limits to its macro prudential toolkit. NZBA's submission on the consultation document can be found here.</p>	<p>RBNZ has published the submissions received on the consultation and a short response here.</p> <p>Macro-prudential policy is within the scope of Phase Two of the Review of the RBNZ Act.</p>
Review of s 36 of the Commerce Act	Low	MBIE	<p>In January 2019 MBIE released a discussion paper seeking feedback on a proposal to amend the Commerce Act's prohibition against anti-competitive unilateral conduct (s 36) in line with Australian reforms: Review of Section 36 of the Commerce Act and other matters.</p> <p>That discussion paper follows MBIE's targeted review and cross-submission consultation on the same issue in November 2015 and July 2016, respectively.</p>	In March 2019 NZBA submitted on MBIE's discussion paper.
Payment Systems Replacement Project	Low	RBNZ	<p>The Payment Systems Replacement Project (formally known as the Strategic Review of RBNZ's Payment and Settlement System) continues, and steady progress continues to be made.</p> <p>The 'go live' for ESAS 2.0 and NZClear 2.0 has been pushed back based on feedback from stakeholders, and will now be early 2020 (likely February).</p>	The go live remains dependent on NZClear's readiness. Testing is progressing well and the remaining functions were made available on 26 August 2019. Testing is

Project	Priority	Lead agency	Comment	Next Steps
				expected to be completed in late September.
RBNZ Payments Oversight Review	Low	RBNZ	<p>RBNZ consulted in 2013 on its statutory oversight powers for payments and settlement systems which it considered were insufficient and need to be strengthened.</p> <p>In April 2015, RBNZ issued a consultation paper on its proposals to modify the statutory framework for the oversight of Financial Market Infrastructures (FMIs). The paper proposed that the designation regime be modified to better support RBNZ’s risk-based supervisory approach, in particular, that:</p> <ul style="list-style-type: none"> • there be mandatory designation of FMIs that are considered systemically important; • the joint regulators have crisis management powers for designated FMIs; and • the joint regulators have a more graduated set of business-as-usual oversight powers, including enforcement and investigation powers for designated FMIs. <p>In December 2015, RBNZ released a summary of the submission feedback it received on its consultation on a proposed new regulatory framework for designated FMIs.</p> <p>In March 2016, RBNZ issued a consultation paper on proposed crisis management powers for systemically important financial market infrastructures (SIFMIs). The proposed crisis management powers form the final part of proposals for a new oversight regime for designated FMIs. A summary of responses was published in August 2016.</p>	<p>On 1 August RBNZ published an exposure draft of the Financial Market Infrastructures Bill. Submissions on the Bill close on 26 September 2019. PaymentsNZ will make a submission on the Bill.</p> <p>The legislation is expected to be introduced before the end of the year.</p>

Project	Priority	Lead agency	Comment	Next Steps
			RBNZ has now finalised its overall proposal for enhanced oversight framework for financial market infrastructures. The relevant papers can be found here .	