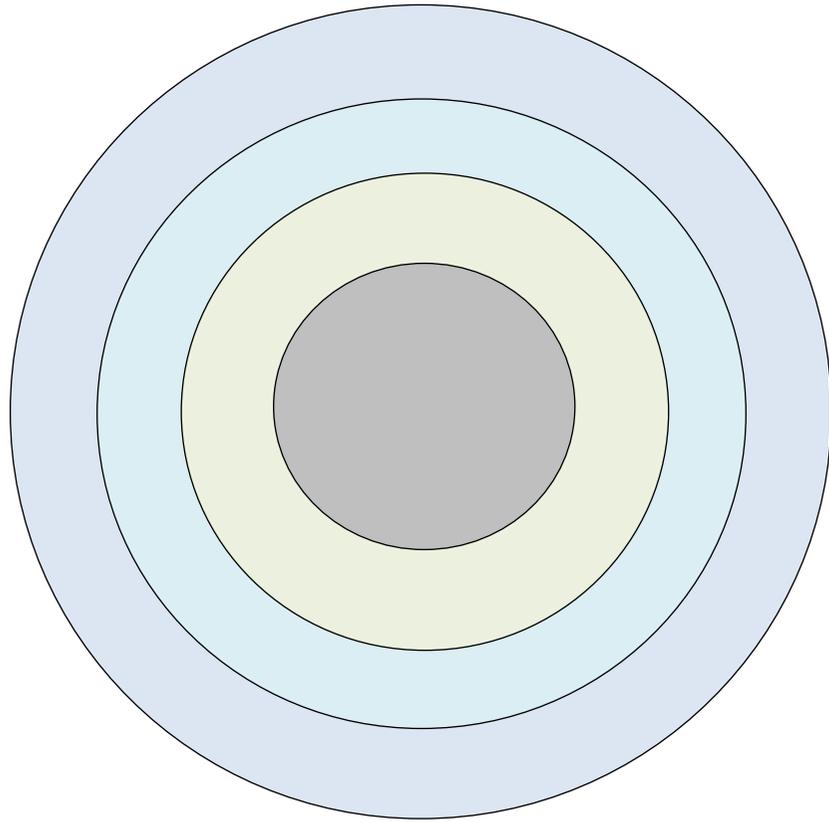


NZBA Priority	
	High
	Medium
	Low

- Current Key Priorities:**
- Financial Markets (Conduct of Institutions) Amendment Bill
 - Review of the RBNZ Act
 - Review of Capital Adequacy Framework
 - Credit Contracts Legislation Amendment Act
 - Open Banking
 - 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:**
- Financial Markets (Conduct of Institutions) Amendment Bill
 - Review of the RBNZ Act
 - Review of Capital Adequacy Framework
 - Credit Contracts Legislation Amendment Act
 - Open Banking
 - Sustainability and climate change

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
Financial Markets (Conduct of Institutions) Amendment Bill	High	MBIE/FMA	<p>In January 2019 the Ministers of Finance and Commerce and Consumer Affairs announced that the 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 proposed a range of options to ensure that conduct and culture in the financial sector is delivering good outcomes for all customers. NZBA's submission on the options paper is here.</p> <p>In June 2019 the regulators 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>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 was introduced into Parliament.</p>	<p>The Bill had its first reading in February 2020 and has been referred to the Finance and Expenditure Committee. NZBA will make a submission on the Bill in March.</p> <p>Regulations will also be necessary to support the operation of the licensing regime and incentives prohibitions. Those regulations will be developed following a further policy and consultation process.</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</p>	<p>The third round of Phase Two consultations is</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>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>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. That included a number of in-principle decisions and topics for consultation. In August 2019 NZBA submitted on the second round of the Phase Two consultation.</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 institution. • A Governance Board to oversee financial stability matters. 	<p>expected to be published soon.</p> <p>The Institutional Act is expected to be introduced in mid-2020.</p> <p>Final policy decisions on the Deposit Takers Act and the deposit insurance scheme are expected in mid-2020.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> • 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 will be implemented through a Deposit Takers Act (which will govern RBNZ's regulatory powers) and an Institutional Act (which will outline how RBNZ is governed and how it operates).</p>	
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 give initial feedback on the intended scope of the review, and issues that might warrant attention. NZBA's submission is here.</p> <p>In July 2017 RBNZ opened consultation on what type of financial instruments should qualify as bank capital. NZBA's submission is here.</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. NZBA's submission is here.</p> <p>In December 2018 RBNZ published Capital Review Paper 4: How much capital is enough?</p>	<p>NZBA is working with RBNZ on the form of AT1 instruments that will be permissible under the new rules.</p> <p>In April 2020 RBNZ will consult on changes to BS2A and BS2B that will give effect to its decisions.</p> <p>Later in 2020 RBNZ will also consult on the details of the escalating supervisory response and operationalising the counter-cyclical buffer.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<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> <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>In June 2019 RBNZ published the submissions received on Capital Review Paper 4.</p> <p>In May 2019, RBNZ 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> <p>In September 2019 RBNZ published the three external expert reports, along with a summary of their findings.</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 • a transition period of 7 years (rather than 5 years). <p>NZBA’s media release on RBNZ’s decisions is here.</p>	

Project	Priority	Lead agency	Comment	Next Steps
Credit Contracts Legislation Amendment Act	High	MBIE	<p>In June 2018 MBIE released a discussion document seeking feedback on a review of New Zealand’s consumer credit regulation. In August 2018 NZBA submitted on MBIE’s discussion document.</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>In September 2019, following public feedback on the Bill at Select Committee, the Minister for Commerce and Consumer Affairs announced that the Bill would also include a 0.8% per day cap on interest rates, in addition to other changes which will strengthen protections for vulnerable borrowers.</p> <p>The Finance and Expenditure Committee reported back on the Bill in November 2019 and recommended several changes.</p> <p>In December 2019 the Credit Contracts Legislation Amendment Act passed its third reading and received Royal Assent.</p>	<p>In March 2020 NZBA will continue to work with MBIE on the development of regulations around affordability and suitability assessments, and responsible advertising.</p> <p>NZBA is also a member of the Responsible Lending Code Advisory Group, facilitated by MBIE. The Advisory Group is currently reviewing the Responsible Lending Code in light of the new legislation.</p>
Open Banking	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.</p> <p>Following the success of the pilot, an API standards service was launched to the industry in May 2019. The API standards service is an industry-led body responsible for defining roles, governance, minimum</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</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>standards and API specifications. It has now been transitioned to the API Centre for ongoing management and governance.</p> <p>The API Centre coordinates the ongoing development, management and governance of payment-related API standards and provides supporting services. It is industry led and designed to respond to market needs. Further information regarding the API Centre can be found here.</p> <p>The focus is now on banks making their APIs available to and entering into the due diligence and commercial process with users.</p>	<p>progress to date, concerns about certain areas and outlines some expectations to ensure good progress is continued. The letter also indicates that in 2020 MBIE will start work looking at a possible Consumer Data Right regime in New Zealand.</p>
Sustainability and climate change	High	Multiple agencies	<p>Risks around sustainability and climate change are significant and evolving quickly. NZBA sees these are likely to have an effect on New Zealand's economy.</p> <p>RBNZ has published a climate change strategy here.</p> <p>In October 2019 NZBA submitted on FMA's consultation paper: Proposed guidance on green bonds and other responsible investment products. The consultation sought feedback on how green bonds and other responsible investment products should be described, labelled and promoted to investors.</p> <p>In November 2019 the Ministry for the Environment began consultation on climate-related financial disclosures: Understanding your business risks and opportunities related to climate change. It sets out proposals for a mandatory principles-based, climate-related financial disclosures regime.</p>	<p>In December 2019 NZBA submitted on the Ministry for the Environment's discussion document supporting the adoption of the recommendations by the Taskforce on Climate-related Financial Disclosures.</p> <p>In early-2020 NZBA will meet with the newly formed Climate Change Commission.</p>
Financial Services Legislation	Medium	MBIE	<p>The Financial Services Legislation Amendment Act 2019 passed its third reading and received Royal Assent in April 2019.</p>	<p>In November NZBA submitted on MBIE's draft Financial Markets Conduct</p>

Project	Priority	Lead agency	Comment	Next Steps
Amendment Act and Regulations			<p>NZBA has submitted on the following consultations:</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>(Regulated Financial Advice Disclosure) Amendment Regulations.</p> <p>FMA started accepting transitional licence applications from 4 November 2019 and the Government has set 29 June 2020 as the start date for the new regime.</p>
Financial Inclusion	Medium	MBIE and MSD	<p>The Safer Credit and Financial Inclusion Strategy was launched in September 2019. The Strategy is a collaborative initiative between government, the financial services industry and community sector. Its vision is that 'people and whānau can meet their needs and achieve their aspirations, free from problem debt'. The Strategy and associated action plan will be delivered through a cross-sector Safer Credit and Financial Inclusion Partnership, hosted by MBIE's Consumer Protection Partnership.</p>	<p>NZBA will attend a Partnership meeting in March.</p>
Complaints Dashboard	Medium	Banking Ombudsman Scheme	<p>In 2019 the Banking Ombudsman Scheme (BOS) began development of an industry-wide complaints dashboard. The purpose of the dashboard is to shed light on the issues that cause complaints, and how widespread these are, including insights into complaints that can improve customer outcomes.</p>	<p>BOS is currently working with banks to prepare for Stage 2 of the Dashboard.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>The development of the dashboard is being led by a steering group comprising BOS, BOS participants, and regulators.</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. • Stage 3, May 2020: add a further 12 data items. 	
Future of cash	Medium	RBNZ	<p>The Future of Cash – 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> <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>	Policy decisions are expected in the coming months.

Project	Priority	Lead agency	Comment	Next Steps
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. • 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. 	The Bill passed its second reading on 7 August 2019 and will now proceed to the Committee of whole House.
Farm Debt Mediation Act	Medium	Ministry for Primary Industries	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 of farm businesses to offer	In December 2019 The Farm Debt Mediation Act passed its third reading and

Project	Priority	Lead agency	Comment	Next Steps
			<p>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> <p>In August 2019 NZBA made a submission on, and appeared in support of, the Bill at the Primary Production Committee.</p> <p>In October 2019, the Primary Production Committee reported back on the Bill and made a number of recommendations:</p> <ul style="list-style-type: none"> • Clarification of some key terms. • Initiation of mediation before a farmer is in default. • Position of guarantors. • Multi-party mediation. • Costs of mediation. • Confidentiality. • Situations of urgency. • Duration of mediation. 	<p>received Royal Assent. It comes into effect in stages on 1 February 2020 and 1 July 2020.</p>
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</p>	<p>In March 2020 NZBA and a number of banks will participate in interviews with the evaluators.</p>

Project	Priority	Lead agency	Comment	Next Steps
			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.	
Fair Trading Amendment Bill (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> <p>In September 2019 the Ministers for Commerce and Consumer Affairs and Small Business announced measures to address unfair conduct across the economy, and unfair business-to-business contracts:</p> <ul style="list-style-type: none"> • Prohibiting conduct that is ‘unconscionable’ – this is serious misconduct that goes far beyond being commercially necessary or appropriate. • Extending current protections against unfair contract terms in standard form consumer contracts to apply to business contracts with a value below \$250,000 as well. 	The Fair Trading Amendment Bill was introduced into Parliament in December 2019 and had its first reading in February 2020. It has been referred to the Economic Development, Science and Innovation Committee. NZBA will make a submission on the Bill in March.
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 are expected in 2020.

Project	Priority	Lead agency	Comment	Next Steps
Automatic Exchange of Information/ Common Reporting Standard (AEOI/CRS)	Medium	IRD	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 .	NZBA will continue to engage with IRD during the reporting periods to help 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 and in June 2019 industry participated in an RBNZ workshop on the proposals.</p> <p>In September 2019 RBNZ published a summary of submissions and final policy decisions on the reporting and publishing of breaches by banks. The new policy will require a bank to report promptly to RBNZ when there is a breach or possible breach of a requirement in a</p>	In late-2019/eaerly-2020 RBNZ consulted on changes necessary to implement the new regime, which is expected to come into force on 1 April 2020.

Project	Priority	Lead agency	Comment	Next Steps
			material manner, and report all minor breaches every six months. Only actual material breaches will then be published on RBNZ's website.	
Mortgage Bond Collateral Standards Review	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>	RBNZ has published a summary of submissions , on its website. RBNZ is working to finalise the policy framework and will agree an implementation plan for the RMO standard through working groups covering three key areas – loan level data, operational implementation and legislative processes.
Overseas Investment Act Review	Low	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 2019 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> <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.</p>	In November 2019 the Associate Minister of Finance, Hon David Parker, announced the Government's decision to introduce two new powers to ensure New Zealand's national interest can be protected: a national interest test and a power to call in transactions involving strategically important assets.

Project	Priority	Lead agency	Comment	Next Steps
				A Bill implementing the changes will be introduced in early 2020.
Online gambling in New Zealand	Low	DIA	In August 2016 DIA released a discussion document seeking feedback on how online gambling is affecting the lives of New Zealanders and proposing a number of tools to restrict access to online gambling.	In September 2019 NZBA hosted a workshop with DIA and submitted on the discussion document.
Review of s 36 of the Commerce Act	Low	MBIE	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 . That discussion paper follows MBIE's targeted review and cross-submission consultation on the same issue in November 2015 and July 2016, respectively. In March 2019 NZBA submitted on MBIE's discussion paper.	Ministers are considering policy options in response to the submissions received. Any policy decisions will be announced in the coming months.
Financial Market Infrastructures Bill	Low	RBNZ	RBNZ consulted in 2013 on its statutory oversight powers for payments and settlement systems which it considered were insufficient and need to be strengthened. In 2015 RBNZ began consultation on proposals to modify the statutory framework for the oversight of Financial Market Infrastructures. In September 2019 NZBA submitted on an exposure draft of the Financial Market Infrastructures Bill . In December 2019 the Financial Market Infrastructures Bill was introduced into Parliament. The Bill establishes a new regulatory regime for financial market infrastructures, and provides legal	The Bill had its first reading in February 2020 and has been referred to the Finance and Expenditure Committee.

Project	Priority	Lead agency	Comment	Next Steps
			protections for settlement finality, netting, and the enforceability of rules.	