Submission

to the

Financial Markets Authority

on the

Review of Financial Markets Authority funding and levy

28 February 2020

NEW ZEALAND BANKERS ASSOCIATION
Level 15, 80 The Terrace, PO Box 3043, Wellington 6140, New Zealand
TELEPHONE +64 4 802 3358 EMAIL nzba@nzba.org.nz WEB www.nzba.org.nz

About NZBA

1. The New Zealand Bankers' Association (**NZBA**) is the voice of the banking industry. We work with our member banks on non-competitive issues to tell the industry's story and develop and promote policy outcomes that deliver for New Zealanders.

2. The following seventeen registered banks in New Zealand are members of NZBA:
   - ANZ Bank New Zealand Limited
   - ASB Bank Limited
   - Bank of China (NZ) Limited
   - Bank of New Zealand
   - China Construction Bank
   - Citibank N.A.
   - The Co-operative Bank Limited
   - Heartland Bank Limited
   - The Hongkong and Shanghai Banking Corporation Limited
   - Industrial and Commercial Bank of China (New Zealand) Limited
   - JPMorgan Chase Bank N.A.
   - Kiwibank Limited
   - MUFG Bank Ltd
   - Rabobank New Zealand Limited
   - SBS Bank
   - TSB Bank Limited
   - Westpac New Zealand Limited

Introduction

3. NZBA welcomes the opportunity to provide feedback to the Financial Markets Authority (**FMA**) on the discussion paper: *Review of Financial Markets Authority Funding and Levy* (**Discussion Paper**). NZBA commends the work that has gone into developing the Discussion Paper.

NZBA supports FMA's expanded remit

4. NZBA agrees that a well-regulated financial market is vital and supports FMA's expanded regulatory remit.

5. NZBA supports option 3, enhanced funding case, provided that there are appropriate governance arrangements in place to ensure that the additional resources are efficiently and appropriately deployed.

6. We agree that FMA would benefit from the ability to undertake the activities listed at paragraph 98. In particular, we support FMA working more closely with other agencies on initiatives like the Council of Financial Regulators and beginning to build some organisation capability in anticipation of its new role and responsibilities connected to the new conduct regime.

7. In respect of recovering that increase, we consider that the current funding split should be maintained. That is because:

   (a) Much of FMA's increased remit has been driven by Government policy rather than by, for example, industry innovation requiring the FMA to have more resources. While levy payers do benefit from a well-regulated financial market, the need for additional FMA funding is mostly as a result of Government action.

   (b) A change to the status quo 75%/25% levy/Crown split is not justified in the discussion paper. We would not support an approach whereby successive increases to the cost of the FMA are borne wholly by levy payers, reducing the Crown's contribution, without well-reasoned justification and consultation.

Contact details

8. If you would like to discuss any aspect of this submission, please contact:

Antony Buick-Constable
Deputy Chief Executive & General Counsel
antony.buick-constable@nzba.org.nz

Olivia Bouchier
Policy Director & Legal Counsel
olivia.bouchier@nzba.org.nz