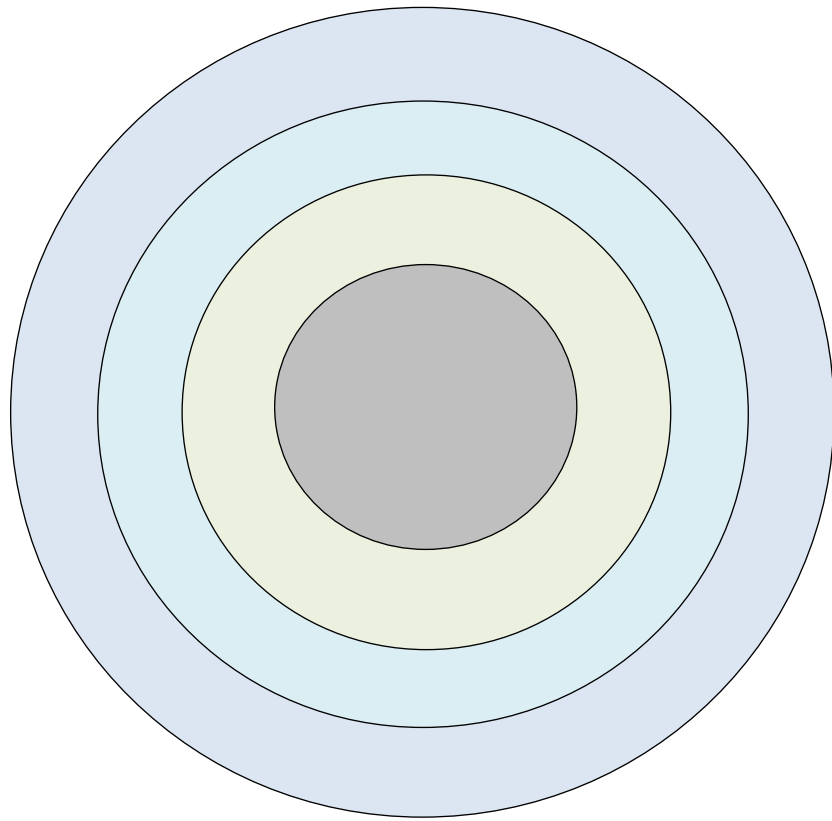


NZBA Priority	
	High
	Medium
	Low

- Current Key Priorities:**
- Covid-19 response
 - 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:**
- Covid-19 response
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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
Covid-19 response	High	n/a	<p>In recent months NZBA has:</p> <ul style="list-style-type: none"> Worked with RBNZ and MBIE on an extension to the mortgage repayment deferral scheme, meaning that customers may be eligible for a new loan deferral for up to six months or an extension to their current loan deferral. Worked with Treasury on significant changes to the Business Finance Guarantee Scheme, including extending the maximum loan amount from \$500,000 to \$5 million, and the loan term from three to five years. <p>NZBA has published data on how banks are supporting personal and business customers financially affected by Covid-19. As at 31 August 2020 banks have:</p> <ul style="list-style-type: none"> Deferred repayments for 62,274 consumers to the value of \$21.2 billion, that is, 7% of total lending. Consumer lending data is published here. Provided \$17.6 billion in new lending to businesses. Business lending data is published here. Provided \$176 million in new lending to businesses under the Business Finance Guarantee Scheme. <p>The data is on NZBA's website (here).</p>	In October, NZBA will continue to work with key stakeholders to support New Zealanders financially affected by Covid-19.
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</p>	Timing of the next stages of the legislative process – second reading, Committee of the Whole House, and third reading – will be confirmed after the election.

Project	Priority	Lead agency	Comment	Next Steps
			<p>outcomes for all customers. NZBA’s submission on the options paper is here.</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 was referred to the Finance and Expenditure Committee.</p> <p>In June, NZBA appeared in front of the Finance and Expenditure Committee in support of its submission.</p> <p>In August, the Finance and Expenditure Committee published its report on the Bill. The Committee recommended that the Bill be passed with amendments, many of which NZBA advocated for, including:</p> <ul style="list-style-type: none"> • Providing for a maximum transition period of three years rather than two. • Providing for a statutory review of the regime to ensure that it does not create issues in its interaction with other regulatory regimes. • Providing more clarity about the fair conduct principle by inserting a list of factors that are relevant to the concept of fairness. • Amending the provision requiring that financial institutions make their fair conduct programme publicly available. 	<p>The regime will also require regulations to support its operation. Timing of the regulation-making process is subject to the incoming Government’s priorities but officials anticipate that the process could involve:</p> <ul style="list-style-type: none"> • consultation on a discussion document later in 2020; and • policy approvals in early 2021.

Project	Priority	Lead agency	Comment	Next Steps
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 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, and Treasury published a report summarising the key messages and themes emerging from the submissions received.</p> <p>The second of the Phase Two consultations was published in June 2019. That included a number of in-principle decisions and topics for consultation. NZBA submitted in August 2019.</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. • 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. 	<p>The third of the Phase Two consultations was published in March. It focusses on the design of the new prudential framework for deposit takers and the deposit insurance scheme.</p> <p>As a result of Covid-19, the deadline to submit has been extended by six months – to 23 October 2020.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> 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 the Reserve Bank of New Zealand Bill (which outlines how RBNZ is governed and how it operates). That Bill was introduced into Parliament on 28 July 2020.</p>	
Review of Capital Adequacy Framework	High	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 a transition period of 7 years (rather than 5 years). <p>NZBA's media release on RBNZ's decisions is here.</p> <p>NZBA will continue to work with RBNZ on the form of AT1 instruments that will be permissible under the new rules.</p>	<p>RBNZ announced that it has deferred the start date of the increased capital requirements for banks by 12 months, as a result of Covid-19.</p> <p>In April RBNZ was planning to publish exposure drafts of the revised policy documents to make those changes, and has also postponed that publication for the time being.</p>
Credit Contracts Legislation Amendment Act	High	MBIE	<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>The first tranche of regulations – the Credit Contracts and Consumer Finance Amendment Regulations 2020 – were Gazetted in August. They relate to:</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>In December 2019 the Credit Contracts Legislation Amendment Act passed its third reading and received Royal Assent.</p> <p>As a result of Covid-19:</p> <ul style="list-style-type: none"> • The commencement of new Part 5A of the Act relating to fit and proper person certification will be delayed from 1 September 2020 to no earlier than 1 March 2021. • Commencement of the new regulations and other remaining provisions of the Act will be delayed from 1 April 2021 to no earlier than 1 October 2021. • These dates will be reviewed every three months and any changes will be advised. <p>In April the Government urgently passed the COVID-19 Response (Taxation and Other Regulatory Urgent Measures) Bill, which amends some of the commencement dates in the Credit Contracts Legislation Amendment Act.</p> <p>It is intended to protect consumers who take out new loans under high-cost credit contracts during this time.</p> <p>The measures that will come in early are:</p> <ul style="list-style-type: none"> • the cost of credit cap; • banning compound interest on high-cost loans; and • limiting default fees to \$30. <p>Other provisions relating to high cost lending commenced on 1 June as planned. These are:</p> <ul style="list-style-type: none"> • 0.8% per day interest rate cap; and • regulation of mobile traders. 	<ul style="list-style-type: none"> • responsible advertising standards for lenders; • the information to be disclosed at the start of debt collection; • disclosure requirements when a contract has been varied; and • amendments to existing regulations relating to disclosure of information about dispute resolution services and financial mentoring services. <p>The second tranche of regulations (relating to affordability and suitability assessments) will be finalised over the coming months. The intention is for these to be made soon after a new government is formed.</p> <p>The new regulations and most remaining provisions of the Credit Contracts Legislation Amendment Act 2019 will come into force on 1 October 2021. The</p>

Project	Priority	Lead agency	Comment	Next Steps
			NZBA is a member of the Responsible Lending Code Advisory Group, facilitated by MBIE. The Advisory Group is currently advising on amendments to the Responsible Lending Code which give effect to the new legislation.	Commencement Order was also made in August.
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 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>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>	On 5 August, MBIE published a discussion document seeking feedback on options for establishing a consumer data right in New Zealand. NZBA will make a submission on that consultation.

Project	Priority	Lead agency	Comment	Next Steps
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 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

Project	Priority	Lead agency	Comment	Next Steps
				<p>greater than \$250 million</p> <ul style="list-style-type: none"> • equity and debt issuers listed on the NZX • crown financial institutions with assets greater than \$1 billion assets under management. <p>Subject to parliamentary decisions, the earliest regulated parties may be required to disclose will be in 2023.</p> <p>Over the coming months, NZBA will work with the External Reporting Board which has been tasked with developing reporting standards and guidance material.</p>
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 consultations:</p> <ul style="list-style-type: none"> • New disclosure requirements for those providing financial advice. NZBA's submission can be found here. 	<p>The regime's original start date of 29 June 2020 has been extended to 15 March 2021 under the Financial Services Legislation Amendment Act</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> 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>In November NZBA submitted on MBIE's draft Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations.</p> <p>As a result of Covid-19, the start of the new financial advice regulatory regime has been delayed from 29 June 2020 to March 2021 at the earliest. The existing regime under the Financial Advisers Act 2008 will continue to apply in the meantime.</p> <p>The transitional licensing application window will be extended until the same date in early 2021 and the new Code of Professional Conduct for Financial Advice Services will also come into force on that date.</p> <p>Transitional licensing will remain open and the FMA licensing team will continue processing applications as resources are available and in time for the start date of the new regime in early 2021.</p> <p>The Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020 were gazetted in June 2020.</p>	<p>Commencement Order 2020.</p> <p>Transitional licensing remains open until the start date of the new regime, and applications are being processed. The new Code of Professional Conduct for Financial Advice Services will also come into force on the new start date.</p> <p>FMA has also indicated that it will extend some exemption notices up until the new financial advice regime has come fully into effect.</p> <p>In August 2020, NZBA submitted on FMA's consultation on the proposed classes of licence and the standard conditions to be imposed on full licences.</p>

Project	Priority	Lead agency	Comment	Next Steps
Financial Inclusion	Medium	MBIE and MSD	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.	The Partnership is meeting frequently to discuss and share information on Covid-19 issues.
Complaints Dashboard	Medium	Banking Ombudsman Scheme	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. The development of the dashboard is being led by a steering group comprising BOS, BOS participants, and regulators.	The complaints dashboard launched in August 2020.
Future of cash	Medium	RBNZ	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. RBNZ consulted on the implications of a contracting cash network in the issues paper: The future of cash use – Te whakamahinga moni anamata . 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.	As a result of Covid-19, the Future of Cash project has been deferred for an initial period of six months.

Project	Priority	Lead agency	Comment	Next Steps
			<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>	
Financial Action Task Force Mutual Evaluation (AML/CFT)	Medium	RBNZ	<p>In March 2020, New Zealand was 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 had 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 was a major component of the Mutual Evaluation.</p>	In March 2020 NZBA and some banks participated in interviews with the evaluators. The evaluators' final report has been delayed due to Covid-19.
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. 	The Fair Trading Amendment Bill was discharged from the Economic Development, Science and Innovation Committee in August without a report from the Committee. This means that the Bill as introduced will move onto the second

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> 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. <p>The Fair Trading Amendment Bill was introduced into Parliament in December 2019 and had its first reading in February 2020.</p>	reading stage (after the election).
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.
Automatic Exchange of Information/ Common Reporting Standard (AEOI/CRS)	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 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>	The new regime will take effect from 1 January 2021. The section 93 notices will be formally issued at the beginning of December to take effect from 1 January 2021, and the OiC changes

Project	Priority	Lead agency	Comment	Next Steps
			<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 material manner, and report all minor breaches every six months. Only actual material breaches will then be published on RBNZ’s website.</p> <p>In late-2019/early-2020 RBNZ consulted on changes necessary to implement the new regime.</p>	will work their way through the required processes during Q1 2021, to come into force by 31 March 2021.
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> <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.</p>	As a result of Covid-19, the Mortgage Bond Collateral Standards Review has been deferred for an initial period of six months.

Project	Priority	Lead agency	Comment	Next Steps
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> <p>In March 2019 NZBA submitted on MBIE's discussion paper.</p> <p>The Government has agreed to amendments to section 36 of the Commerce Act 1986.</p> <p>Other amendments to the Commerce Act will include:</p> <ul style="list-style-type: none"> • Removing provisions that shield some types of intellectual property-related conduct from being examined under competition law. • Increasing penalties for businesses engaging in anti-competitive mergers. • Technical changes to the treatment of anti-competitive covenants. • Increasing the maximum number of Commerce Commissioners from six to eight to reflect the Commission's growing responsibilities in recent years. • Making it easier for the Commerce Commission to cooperate with other domestic agencies by sharing information it holds, subject to appropriate safeguards. 	A Bill will be introduced early in 2021.
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 August, the Finance and Expenditure Committee reported back on the Bill recommending that it be

Project	Priority	Lead agency	Comment	Next Steps
			<p>In 2015 RBNZ began consultation on proposals to modify the statutory framework for the oversight of Financial Market Infrastructures.</p> <p>In September 2019 NZBA submitted on an exposure draft of the Financial Market Infrastructures Bill.</p> <p>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 protections for settlement finality, netting, and the enforceability of rules.</p> <p>The Bill had its first reading in February 2020.</p>	<p>passed with some amendments.</p>