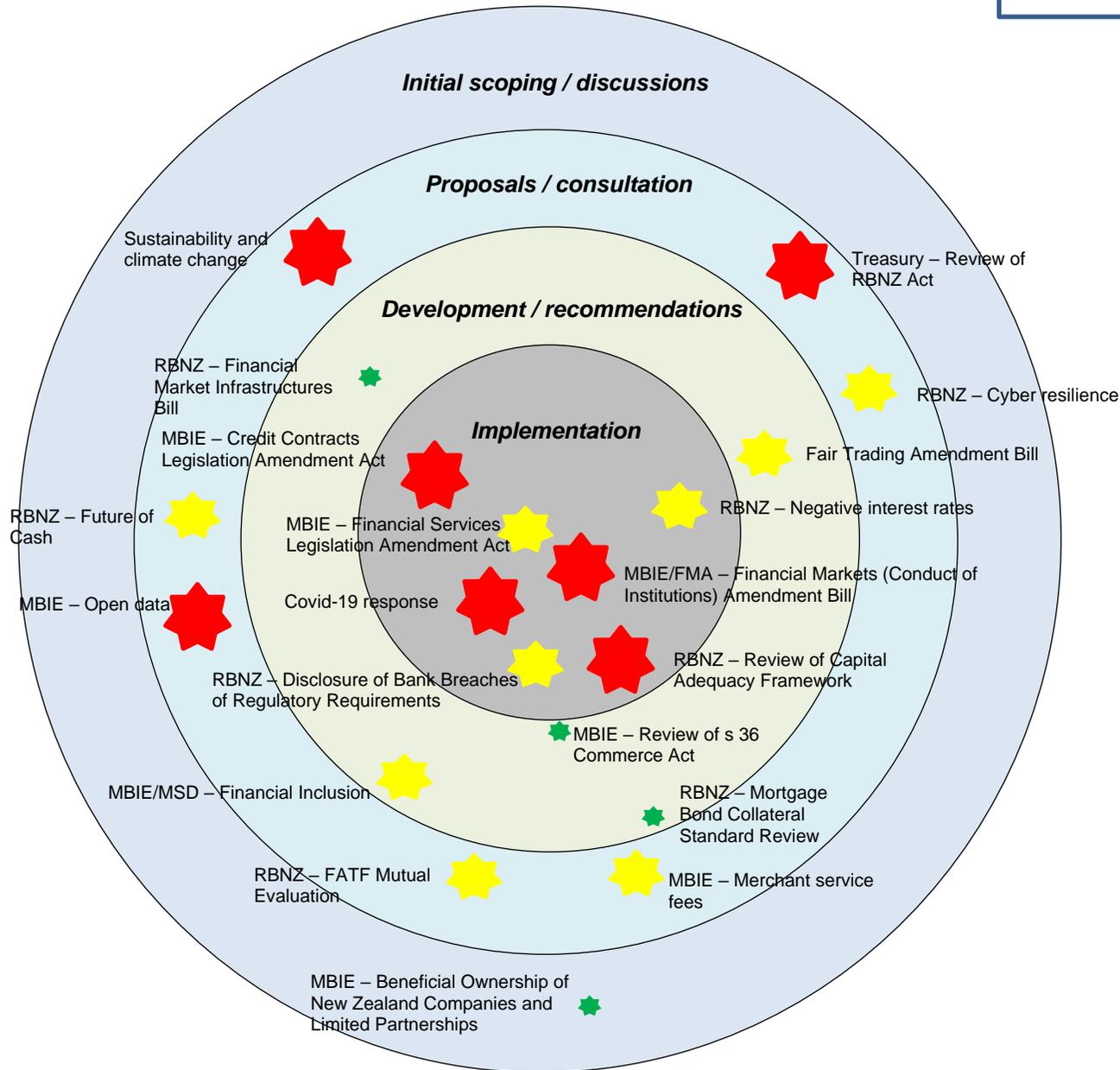


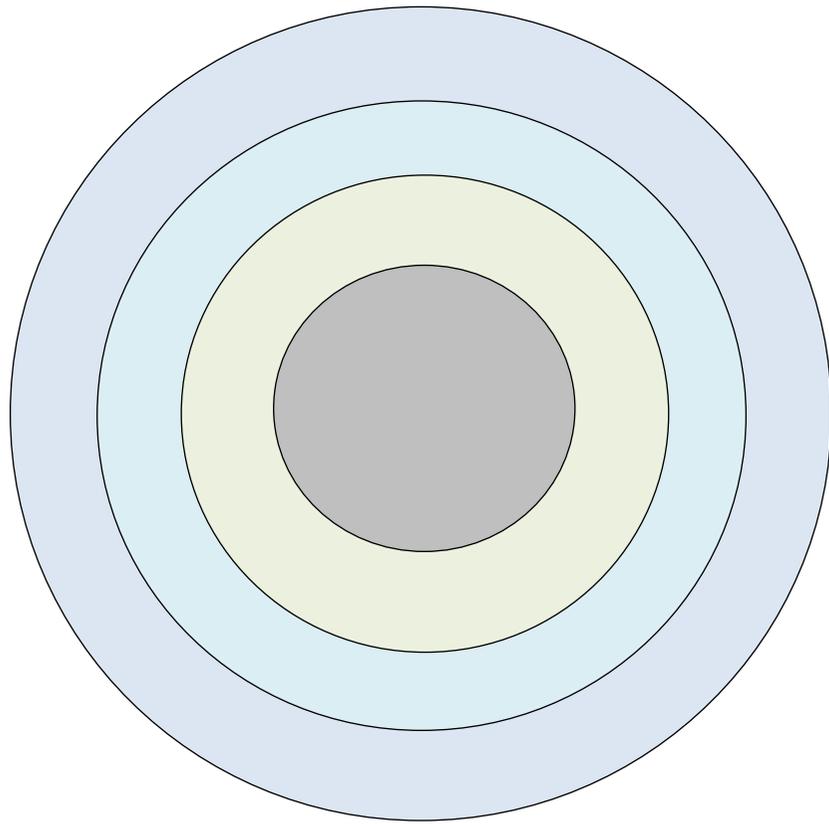
Current as of 8 April 2021



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 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

Project	Priority	Lead agency	Comment	Next Steps
Covid-19 response	High	n/a	<p>In March 2020, NZBA announced that its retail members had offered to defer repayments on residential mortgages for up to six months for customers financially affected by Covid-19. This meant that affected customers did not have to make principal and interest payments on their loans. Banks also offered affected customers the option to go interest only, or to extend the term of their loan. Their credit rating was not affected by the deferral, provided they were not in arrears before the pandemic. This scheme was in addition to what banks are doing individually to assist affected customers.</p> <p>In August 2020, NZBA worked with MBIE and RBNZ on an extension to the scheme, meaning that some customers were eligible for a new loan deferral for up to six months or an extension to their existing loan deferral (up to 31 March 2021). NZBA's media release is here.</p> <p>In November 2020, NZBA announced that most deferred loans are back to normal. As of 31 October:</p> <ul style="list-style-type: none"> • 69% of consumer loans (including home loans) that had deferred all repayments were back to full repayments • 37% of consumer loans that had reduced repayments were back to full repayments • 69% of business loans that had deferred all repayments were back to full repayments • 50% of business loans that had reduced payments were back to full repayments. <p>In April 2020, NZBA announced \$6.25 billion in new lending available to Covid-19 affected businesses through the Business Finance Guarantee Scheme (BFGS). In recent months NZBA has worked with Treasury on significant changes to the BFGS, including extending the</p>	In 2021, NZBA will continue to work with key stakeholders to support New Zealanders financially affected by Covid-19.

Project	Priority	Lead agency	Comment	Next Steps
			<p>maximum loan amount from \$500,000 to \$5 million, and the loan term from three to five years.</p> <p>In December 2020, the Minister of Finance announced that the BFGS has been extended to June 2021.</p> <p>The loan deferral scheme ended on 31 March 2021.</p>	
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 services sector is delivering good 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>MBIE is considering whether the Bill will require changes to be made through the remaining parliamentary stages, in particular around the treatment of intermediaries.</p> <p>A discussion document on regulations to support the operation of the Bill is expected in early-2021. NZBA will work closely with MBIE on the development of the draft regulations.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>In June 2020, NZBA appeared in front of the Finance and Expenditure Committee in support of its submission.</p> <p>In August 2020, 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. 	
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</p>	<p>The Reserve Bank of New Zealand Bill is expected to receive Royal Assent in mid-2021.</p> <p>Cabinet is expected to make further decisions regarding the Deposit Takers Bill in April 2021, following which the Bill will be introduced (in late-2021 or early 2022).</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>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. • 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 third of the Phase Two consultations was published in March. It focused on the design of the new prudential framework for deposit takers and the deposit insurance scheme. NZBA’s submission on the consultation is here. Treasury has published submissions it received on this consultation here.</p> <p>The changes will be 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>	

Project	Priority	Lead agency	Comment	Next Steps
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>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. RBNZ will reconfirm this timing near the end of 2021, and will consider making further amendments to the timing if the conditions warrant it.</p>	<p>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>
Credit Contracts Legislation Amendment Act	High	MBIE	<p>The first tranche of regulations relating to the Credit Contracts Legislation Amendment Act were made in August 2020 – the Credit Contracts and Consumer Finance Amendment Regulations 2020. They relate to:</p> <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 	<p>The new Responsible Lending Code can be found here.</p> <p>NZBA is continuing to engage with MBIE and the Commerce Commission in relation to the implementation of this legislation.</p>

Project	Priority	Lead agency	Comment	Next Steps
			<ul style="list-style-type: none"> • amendments to existing regulations relating to disclosure of information about dispute resolution services and financial mentoring services. <p>The second tranche of regulations were made in December 2020 – the Credit Contracts and Consumer Finance (Lender Inquiries into Suitability and Affordability) Amendment Regulations 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; • requirement 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 2019 will come into force on 1 October 2021.</p> <p>NZBA is a member of the Responsible Lending Code Advisory Group, facilitated by MBIE. In recent months, the Advisory Group has been advising on amendments to the Responsible Lending Code, to reflect the new requirements in the legislation.</p> <p>The Commerce Commission published draft guidance on the due diligence duties for directors and senior managers of lenders in March 2021. NZBA’s submission on the guidance can be found here.</p>	

Project	Priority	Lead agency	Comment	Next Steps
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.</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>	<p>On 5 August, 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>MBIE is currently reviewing the submissions and formulating advice to the Minister of Commerce and Consumer Affairs. Submissions can be found here.</p>
Sustainability and climate change	High	Multiple agencies	<p>Risks around sustainability and climate change are significant and evolving quickly. NZBA sees these as 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</p>	<p>Over the coming months, NZBA and members will work with the External Reporting Board which has been tasked with developing reporting</p>

Project	Priority	Lead agency	Comment	Next Steps
			<p>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 greater than \$250 million • equity and debt issuers listed on the NZX; and • 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>standards and guidance material.</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>In May 2019 the Code of Professional Conduct for Financial Advice Services was approved by the Minister for Commerce and Consumer Affairs.</p> <p>The Financial Markets Conduct (Regulated Financial Advice Disclosure) Amendment Regulations 2020 were made in June 2020.</p> <p>In November 2020, the FMA confirmed the standard conditions for full Financial Advice Provider licences, and the three classes of service.</p> <p>The new financial advice regime started on 15 March 2021. The new Code of Professional Conduct for Financial Advice Services also came into force on 15 March 2021.</p>	<p>The transitional licensing application window is open and applications are being processed.</p> <p>As of 16 March 2021, anyone applying for a Financial Advice Provider licence must apply for a full licence.</p>
Merchant service fees	Medium	MBIE	<p>In September 2020, the Labour Party committed to tightening regulations around merchant service fees charged by banks to retailers and other small businesses if re-elected. This was subsequently confirmed as a Government priority in the Speech from the Throne.</p> <p>In December 2020, MBIE released an issues paper testing its understanding of the issues related to high merchant service fees in New Zealand and gathering information about possible options to remedy those issues.</p> <p>NZBA made a submission on MBIE's consultation in February 2021.</p>	<p>MBIE is expected to release submissions on its website.</p>
Cyber resilience	Medium	RBNZ	<p>In light of rising cyber risk RBNZ outlined its intention to become more proactive in promoting cyber resilience in New Zealand's financial sector in the November 2019 Financial Stability Report.</p>	<p>NZBA submitted on RBNZ's consultation in January 2021.</p>

Project	Priority	Lead agency	Comment	Next Steps
			In October 2020 RBNZ began consulting on draft risk management guidance on cyber resilience. The draft guidance outlines RBNZ's expectations around cyber resilience, drawing from international and national cybersecurity standards and guidelines. The consultation paper also seeks feedback on how information gathering and sharing by RBNZ with relevant public sector bodies could help to build cyber resilience.	
Negative interest rates	Medium	RBNZ	<p>In May 2020 RBNZ wrote to New Zealand banks outlining its expectations in relation to negative interest rate functionality in the New Zealand banking system.</p> <p>Towards the end of 2020, RBNZ intended to assess banks' capability to operate with zero or negative interest rates on:</p> <ul style="list-style-type: none"> • the Reserve Bank's standing facilities and ESAS balances (including above credit tiers should these be reintroduced); • a range of financial market securities (e.g. bank bills, bonds, interest rate swaps, and derivatives); and • all products relating to non-retail customers. 	Banks were expected to have remediated any implementation issues by 1 December 2020.
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 will next meet in late 2021.
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	As a result of Covid-19, the Future of Cash project has

Project	Priority	Lead agency	Comment	Next Steps
			<p>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>	been deferred for an initial period of six months.
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.

Project	Priority	Lead agency	Comment	Next Steps
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. <p>The Fair Trading Amendment Bill was introduced into Parliament in December 2019 and had its first reading in February 2020.</p>	The Fair Trading Amendment Bill was discharged from the Economic Development, Science and Innovation Committee in August without a report from the Committee. That means the Bill as introduced will move onto the second reading stage in 2021.
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>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>	

Project	Priority	Lead agency	Comment	Next Steps
			<p>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> <p>The new regime took effect from 1 January 2021. The OiC changes came into force on 31 March 2021. Updated versions can be found here.</p>	
Financial Market Infrastructures Bill	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 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>In August, the Finance and Expenditure Committee reported back on the Bill recommending that it be passed with some amendments.</p>	The Bill is expected to be passed in early-2021, following which RBNZ will begin the progress of designating systemically important FMIs.
Mortgage Bond Collateral Standards Review	Low	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>	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
			<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>	
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>	Decisions are expected in 2021.
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>	The Commerce Amendment Bill was introduced on 10 March 2021 and had its first reading on 16 March 2021. The Bill is currently with the Economic Development, Science and Innovation Committee.

Project	Priority	Lead agency	Comment	Next Steps
			<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. 	<p>Submissions to the Committee close on 30 April 2021, with a report due by 16 September 2021.</p>