





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
- 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
Covid-19 response	High	n/a	<p>NZBA has been working with the Government and regulators on initiatives to support consumers and businesses through the financial impacts of Covid-19:</p> <ul style="list-style-type: none"> Retail banks are offering to defer repayments for all residential mortgages for up to six months for customers financially affected by Covid-19. NZBA's media release is here. Banks have been working with Treasury to offer up to a total of \$6.25 billion in guaranteed loans to businesses financially impacted by Covid-19. NZBA's media release is here. Retail banks are offering a range of relief options to small business customers, including interest-only loan repayments or temporarily deferring all loan repayments in some cases. NZBA's media release is here. <p>NZBA is publishing data on how banks are supporting personal and business customers financially affected by Covid-19. As at 4 May 2020 banks have:</p> <ul style="list-style-type: none"> Deferred repayments for 51,525 consumers to the value of \$18.6 billion. Consumer lending data is published here. Provided \$6.4 billion in new lending to businesses. Business lending data is published here. <p>The data is updated daily on NZBA's dedicated Covid-19 webpage (here).</p> <p>In April:</p> <ul style="list-style-type: none"> NZBA worked with MBIE and the Commerce Commission on the Credit Contracts and Consumer Finance (Exemptions for COVID-19) Amendment Regulations 2020. The regulations exempt registered banks from complying with some aspects of the Credit 	In May, NZBA will continue to work with key stakeholders to support New Zealanders financially affected by Covid-19.

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			<p>Contracts and Consumer Finance Act 2003 when a borrower is experiencing (or expects to experience) financial difficulties due to the economic or health effects of COVID-19.</p> <ul style="list-style-type: none"> Banks agreed with other payments industry participants to increase the PIN limit for contactless card payments from \$80 to \$200 to help control the spread of Covid-19. More information is available here. <p>Banking services are essential services and are available to customers during the lockdown. During alert level 3 banks are continuing to balance public health requirements with the need to keep essential banking services available. In line with public health restrictions banks will keep some branches open for limited hours one or two days a week to meet the needs of customers who cannot use ATMs, phone or online banking. Details about branch locations and opening hours are available on bank websites. At this time customers are asked not to visit a bank branch unless absolutely necessary. NZBA's media release is here.</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 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</p>	In April NZBA made a written submission to the Finance and Expenditure Committee.

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			<p>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 was referred to the Finance and Expenditure Committee.</p> <p>Regulations will 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 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 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</p>

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			<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 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 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>	extended by six months – to 23 October 2020.
Review of Capital Adequacy Framework	High	RBNZ	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.	RBNZ announced that it has deferred the start date of the increased capital requirements for banks by

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			<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>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>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>As a result of Covid-19:</p>	<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;

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			<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>NZBA is a member of the Responsible Lending Code Advisory Group, facilitated by MBIE. The review of the Responsible Lending Code has also been put on hold temporarily.</p>	<ul style="list-style-type: none"> banning compound interest on high-cost loans; and limiting default fees to \$30. <p>Other provisions relating to high cost lending will still commence 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.
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>	As a result of Covid-19, MBIE has postponed the publication of its discussion paper on a Consumer Data Right regime for New Zealand.

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			<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>	
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>	In late-2020 NZBA will meet with the newly formed Climate Change Commission.

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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. • 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 disclosure regulations have been delayed so that</p>

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				the commencement dates can be updated. They should be available within the next couple of months.
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 regularly to discuss and share information on Covid-19 issues.
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>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. 	BOS is currently working with banks to prepare for Stage 2 of the Dashboard.

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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>	As a result of Covid-19, the Future of Cash project has been deferred for an initial period of six months.
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>	In March, Justice Minister Andrew Little tabled a supplementary order paper that amended the commencement date of the Bill to 1 November 2020.

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			<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. 	
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>	In March 2020 NZBA and a number of banks participated in interviews with the evaluators.
Fair Trading Amendment Bill	Medium	MBIE	On 10 December 2018, MBIE released a discussion paper seeking feedback on whether there is a need for additional protections for	The consultation period for submitting on the Fair

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(Protecting business and consumers from unfair commercial practices)			<p>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>	Trading Amendment Bill closed on 26 April 2020.
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	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

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Standard (AEOI/CRS)				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 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>	The new regime was expected to come into force on 1 April 2020, however, as a result of Covid-19, it has been deferred for an initial period of six months.

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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.
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	<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>	Ministers are considering policy options in response to the submissions received. Any policy decisions will be announced in the coming months.

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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>The Bill had its first reading in February 2020.</p>	The consultation period for submitting on the Financial Market Infrastructures Bill closed on 30 April 2020.