New Zealand Banking Association
Te Rangapū Pēke

Submission

to the

The Reserve Bank of New Zealand - Te Pūtea Matua

on the

Second tranche of Deposit Takers Regulations under the Deposit Takers Act 2023 Consultation Paper

24 November 2025

NEW ZEALAND BANKING ASSOCIATION – TE RANGAPŪ PĒKE
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About NZBA

1. The New Zealand Banking Association – Te Rangapū Pēke (**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 and support this submission:

   - ANZ Bank New Zealand Limited
   - ASB Bank Limited
   - Bank of China (NZ) Limited
   - Bank of New Zealand
   - China Construction Bank (New Zealand) Limited
   - 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.
   - KB Kookmin Bank Auckland Branch
   - Kiwibank Limited
   - Rabobank New Zealand Limited
   - SBS Bank
   - TSB Bank Limited
   - Westpac New Zealand Limited

Contact details

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

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Introduction

4. NZBA welcomes the opportunity to provide feedback to the Reserve Bank of New Zealand - Te Pūtea Matua (**Reserve Bank**) on its consultation paper "Second tranche of Deposit Takers Regulations under the Deposit Takers Act 2023" (**Consultation**). NZBA commends the work that has gone into developing this document and the technical analysis supporting it.

5. This submission does not address the definition of deposit taker and the regulatory perimeter discussed in Chapter 2 of the Consultation. It focusses just on the other proposals discussed in Chapter 3. However, our members may choose to submit on the matters in Chapter 2 separately.

Submissions on Chapter 3 (Other Proposals for Consultation)

Definition of Australian financial authority

- *Q8. Do you agree with our proposal to carry over the existing definition of Australian financial authority used under the BPSA, which means only APRA would be prescribed in the regulations? If not, which other Australian public authorities should be included in the meaning of 'Australian financial authority' and why?*

6. We are supportive of the proposal in the Consultation to carry over the existing definition of Australian financial authority from the Banking (Prudential Supervision) Act 1989, which will prescribe the Australian Prudential Regulation Authority (**APRA**) as the sole Australian financial authority.

7. We agree that, given where the term the "Australian financial authority" is used in the Deposit Takers Act 2023 (**DTA**), the existing definition is fit for purpose, and we consider that APRA remains the relevant Australian public authority that should be prescribed under the regulations.

Classes of lending in relation to lending standard

- *Q9. Do you agree with our proposal that a regulation is made to specify that the Lending Standard applies to residential mortgage lending only? If not, what other classes of lending should the Lending Standard apply to and why?*

8. We agree that the Lending Standard should only apply to residential mortgage lending and encourage the Reserve Bank to provide clarity on the definition of residential mortgage lending.

9. It is critical that the definition of residential mortgage lending is well-defined and clearly delineates what types of lending are included so that deposit takers have certainty about what types of lending will be captured under the Lending Standard. There should be clear parameters that outline any sub-classes of residential mortgage lending and the definition should be consistent with the Capital Standard.

10. Additionally, the Reserve Bank should clarify whether housing developments developed by community housing providers or governmental entities are included in the definition of residential mortgage lending.

11. More generally in the context of the question, we note that the Reserve Bank released its consultation on tranche 1 of the DTA exposure draft standards (including an exposure draft of the Lending Standard) on 30 October 2025. Given that that consultation closes on 30 January 2026 (after the close of this Consultation on 24 November 2025), additional changes to these regulations may be required to reflect submissions on the exposure draft Lending Standard. In particular, we note that the exposure draft of the Lending Standard materially differs in structure and terminology from BS19 and BS20 (including using different key defined terms, such as the term "residential housing loan" rather than the current definition of "residential mortgage loan" in BPR131). We strongly submit that the Reserve Bank should consider submissions made on the Lending Standard when further developing these regulations to develop a consolidated approach to the definition and scope of "residential mortgage lending" (or "residential housing loan" as applicable), and should then hold a short targeted consultation on that coordinated approach. We anticipate this could take place in early 2026.

Form of infringement and reminder notices

- *Q10. Do you agree with our proposal to carry over the existing form of the infringement notice and reminder notice that was prescribed under the RBNZ Act in the 2022 regulations? If not, what amendments would you suggest?*

12. We are generally comfortable with the proposal in the Consultation to carry over the existing form of infringement notice and reminder notice prescribed by the Reserve Bank of New Zealand Act 2021 and contained in the Reserve Bank of New Zealand (Infringement Notice and Reminder Notice) Regulations 2022.

13. However, there are some aspects of the regime that we submit that the Reserve Bank should clarify:

    13.1. First: both the infringement notice and reminder notice recognise that persons may ask the Reserve Bank to consider any matter relating to the circumstances of the alleged offence (at paragraphs 7(a) and 6(a) respectively). However, the notices are silent on the potential consequences if a person does raise a matter, such as when the Reserve Bank will take steps to issue a reminder notice or commence court proceedings. This creates uncertainty. By way of an example:

        A bank receives a reminder notice. Within 28 days of service of this notice, it writes to the Reserve Bank asking it to consider further matters under paragraph 6(a). However, the Reserve Bank does not have sufficient time to respond substantively before the expiry of the 28 days for the bank to pay the infringement fee. Is the bank entitled to wait for the Reserve Bank to respond on the matters it has raised before making payment, or is it expected to nonetheless pay the infringement fee on the basis the Reserve Bank will refund the fee (in whole or part) if it accepts the matters raised?

    13.2. In this context, we request that the Reserve Bank provide guidance on how it will respond when a person raises a matter, and the obligations on persons subject to a notice pending the Reserve Bank's response. The guidance could be included in the notices or issued separately as part of the Reserve Bank's broader Enforcement Framework.

13.3. Second: paragraph 3 of the infringement notice states "*[p]lease note that in some circumstances if you do not receive a reminder notice you may still become liable to pay a fine and court costs as set out in paragraph 4*." We assume this is a reference to s 78C of the Summary Proceedings Act 1957, that a defendant is not eligible to rely on non-receipt of a reminder notice for an application under s 78B if the Registrar is satisfied that the defendant was personally served with the infringement notice to which the reminder notice relates. However, that is not clearly expressed in paragraphs 3 and 4 of the infringement notice. We encourage the Reserve Bank to clarify this point, either in the infringement notice, or in accompanying guidance.

14. We also note that some sections of the DTA are already in force. In the event that non-compliance with those sections results in an infringement offence, sections 168(1)(b) and 171 of the DTA provide that the Reserve Bank may issue an infringement notice in the form prescribed in regulations. Given that the form of this notice is the subject of this Consultation, it would appear that currently there is no applicable infringement notice regime in relation to the DTA. Accordingly, any infringement offences can only currently be proceeded with under section 168(1)(a) by the filing of a charging document. We request that the Reserve Bank confirm that this reflects its understanding of the current position.