Financial Services Council NZ

Grow the financial confidence and wellbeing of New Zealanders

Wednesday 26 October 2022

Financial Markets Team
Small Business, Commerce and Consumer Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
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By email: FinancialConduct@mbie.govt.nz

Financial institution licensing fees under the new conduct regime

This submission on the financial institution licensing fees under the new conduct regime, 28 September 2022 (the Consultation Paper), is from the Financial Services Council of New Zealand Incorporated (FSC).

As the voice of the sector, the FSC is a non-profit member organisation with a vision to grow the financial confidence and wellbeing of New Zealanders. FSC members commit to delivering strong consumer outcomes from a professional and sustainable financial services sector. Our 106 members manage funds of more than $95bn and pay out claims of $2.8bn per year (life and health insurance). Members include the major insurers in life, health, disability and income insurance, fund managers, KiwiSaver, and workplace savings schemes (including restricted schemes), professional service providers, and technology providers to the financial services sector.

Our submission has been developed through consultation with FSC members and represents the views of our members and our industry. We acknowledge the time and input of our members in contributing to this submission.

The FSC's guiding vision is to grow the financial confidence and wellbeing of New Zealanders and we strongly support initiatives that align with our strategic intent and deliver:

- strong and sustainable customer outcomes
- sustainability of the financial services sector
- increasing professionalism and trust of the industry.

We welcome the opportunity to comment on the on the proposed financial institution licensing fees (the Fees) to apply to licence applications made under The Financial Markets (Conduct of Institutions) Amendment Act 2022 (CoFI) regime. We agree with the objectives for setting the Fees, consider them to be appropriate and the assessment of the Fee appears reasonable. We also support MBIE's preferred option for setting the Fees, in line with other licensing fees charged by the FMA, as opposed to the alternative options. However, it is difficult to comment on the assessment of the Fees without an understanding of the new licensing system which will undertake the initial risk assessment.

Our only point of feedback at this time is that we note the FMA is required to notify applicants and explain the reason for charging an additional hourly rate in more complex cases. We suggest that in addition to the monitoring and evaluation detailed in paragraphs 46 and 47 of the Consultation Paper, MBIE requires the FMA to arrange an independent review of applications that are charged an additional hourly rate to ensure the additional hours required to process the application are justifiable and reasonable.

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We welcome continued discussions and engagement. I can be contacted on 021 0233 5414 or richard.klipin@fsc.org.nz or Carissa Perano, Head of Regulatory Affairs, at carissa.perano@fsc.org.nz, to discuss any element of our submission.

Yours sincerely

Richard Klipin
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Financial Services Council of New Zealand Incorporated