



COVERSHEET

Minister	Hon Andrew Bayly	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Proposals to review the Financial Markets (Conduct of Institutions) Amendment Act 2022 and the Credit Contracts and Consumer Finance Act 2003	Date to be published	13 March 2024

List of documents that have been proactively released

Date	Title	Author
January 2024	Proposals to review the Financial Markets (Conduct of Institutions) Amendment Act 2022 and the Credit Contracts and Consumer Finance Act 2003	Office of the Minister of Commerce and Consumer Affairs
25 January 2024	Proposals to Review the Financial Markets (Conduct of Institutions) Amendment Act 2022 and the Credit Contracts and Consumer Finance Act 2003 CBC-24-MIN-0013 Minute	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of confidential advice to government.



Cabinet Business Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Proposals to Review the Financial Markets (Conduct of Institutions) Amendment Act 2022 and the Credit Contracts and Consumer Finance Act 2003

Portfolio Commerce and Consumer Affairs

On 25 January 2024, the Cabinet Business Committee:

Conduct of Financial Institutions review

- 1 **noted** that the Financial Markets (Conduct of Institutions) Amendment Act 2022 (the Amendment Act) introduced a new regulatory regime for the conduct of financial institutions, which is due to commence on 31 March 2025;
- 2 **noted** that the National Party's 100-point plan for *Rebuilding the Economy* committed to repealing the Amendment Act;
- 3 **noted** that in light of feedback from industry, there are opportunities to reform the Amendment Act and related conduct regulation in order to streamline regulatory requirements and reduce compliance costs for industry;
- 4 **agreed** that the Minister of Commerce and Consumer Affairs will review the following aspects of financial markets conduct regulation:
 - 4.1 how the conduct regime interacts with the prudential regime;
 - 4.2 reducing the compliance and administrative costs of multiple conduct licenses; and
 - 4.3 simplifying substantive obligations in the legislation to ensure clarity and flexibility for institutions and to ensure conduct obligations are proportionate and fit-for-purpose.

Credit Contracts and Consumer Finance Act 2003 (CCCFA) review

- 5 **noted** that, following the recent CCCFA and Credit Contracts and Consumer Finance Regulations 2004 reforms, consumer credit legislation remains inflexible, prescriptive, and results in high compliance costs and in borrowers being denied access to affordable credit;

- 6 **noted** that to address the identified unintended impacts, a review of the CCCFA and of the Credit Contracts and Consumer Finance Regulations 2004 will be carried out in two phases:
- 6.1 Phase 1 will examine removing prescriptive affordability requirements for lower-risk lending or lenders;
- 6.2 Phase 2 will involve a more substantive review of the CCCFA including longer-term solutions to the identified problems;

Legislative implications and report back

- 7 **noted** that the above reviews are likely to result in recommendations to make legislative changes;
- 8 **invited** the Minister of Commerce and Consumer Affairs to report back to Cabinet on the outcome of stakeholder consultation on the above matters and to seek agreement to further policy proposals as soon as possible.

Rachel Clarke
Committee Secretary

Present:

Rt Hon Christopher Luxon (Chair)
Rt Hon Winston Peters
Hon David Seymour
Hon Nicola Willis
Hon Chris Bishop
Hon Brooke van Velden
Hon Simeon Brown
Hon Paul Goldsmith
Hon Dr Shane Reti
Hon Erica Stanford
Hon Judith Collins
Hon Andrew Bayly
Hon Andrew Hoggard

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet