



Fit for purpose consumer credit legislation

The Ministry of Business, Innovation, and Employment is seeking feedback on changes to the Credit Contracts and Consumer Finance Act 2003 (CCCFA).

Consultation and process

Public consultation will close at **5pm on 19 June 2024**.

What is the CCCFA?



The CCCFA is a key piece of legislation in New Zealand's consumer credit markets. It regulates credit that is available to consumers for personal, domestic, or household purposes with, as its primary purpose, the protection of consumers.

What is being considered?



The discussion document explores options to:

- Enable the Financial Markets Authority to carry out its CCCFA supervisory and enforcement role effectively
- Address concerns we have heard from lenders on disclosure requirements
- Assess the effectiveness of the CCCFA's high-cost credit provisions, as mandated by the CCCFA.

Why are we considering changes?



The successive reforms have tended to place greater responsibility and regulatory burden on the financial sector, leading to excessive layering of regulation and a loss of coherence across legislation.



The reforms are aimed at:

- Effectively protecting the interest of consumers
- Ensuring regulatory burden and compliance costs are proportionate
- Promoting fair, efficient, and transparent markets for credit among other financial services.



Issues we want feedback on



- What legislative amendments to the CCCFA are necessary to support the transfer of responsibility to the FMA, and to enable the FMA to carry out its role effectively. This includes:
 - penalties and personal liability settings for directors and senior managers
 - options for regulatory model
- Whether the disclosure obligations and penalties for incomplete disclosures are fit for purpose
- The effectiveness of the high-cost credit provisions, views on whether the interest rate that defines a high-cost consumer credit contract should be reduced to a rate between 30% and 50%, and views on any other changes to the high-cost provisions.

General questions to consider when reading the discussion document:

How should the due diligence duty and personal liability of directors and senior managers be amended to meet the reform's objectives?

Should lenders of consumer credit obtain a market services licence?

Is the current CCCFA disclosure regime fit for purpose?

What impacts have the high-cost credit provisions had on industry and borrowers?

Is there any change to the high-cost credit provisions desirable?

Read the full consultation document [here](#). Submissions close at 5pm on 19 June 2024