

19 June 2024

Submitted via: financialmarkets@mbie.govt.nz

Financial Markets
Building, Resources and Markets Policy
Ministry of Business, Innovation & Employment
Wellington

RE: Fit for purpose financial services conduct regulation Discussion document

I support the recommendations in the submission made by FinCap regarding the above Discussion document. Please see my comments below

Introducing Myself

I am a volunteer with two budget services, North Harbour Budgeting Services and Auckland Central Budgeting. I have been a financial mentor for sixteen years. I am now retired but worked as a banker for thirty years.

My clients range from those earning no income (inmates at Paremoremo Prison) to households earning over \$200,000 per annum. This latter group of clients is more recent and largely the result of mortgage interest rate increases.

My volunteer work includes working one on one with clients (individuals and households) as a financial mentor, assisting them with their budget challenges, and as a community educator. An example of the latter is (currently) undertaking seminars for all of the Auckland Correctional sites for people who are on parole or undertaking community service.

In the time I have been financial mentoring it is evident that the complexities and challenges faced by our clients have increased markedly, as have the range of financial products and lenders.

Comments

I strongly endorse FinCap's general comments on:

- Requiring all lenders to comply with the COFI regime – my observation would be that breaches of fair conduct principles are common amongst lenders who are not subject to the current COFI settings and I would urge changes to be made to bring all lenders into the regime. It is often the less sophisticated and smaller lenders who fail to abide by fair conduct principles.
- Implementing the principles for better financial services enforcement as put forward by FinCap.
- Licencing requirements and accountability for debt collectors and ensuring debt collectors are covered by the Fair Trading Act 1986.
- Buy Now Pay Later lenders are held to account in same way as other lenders. Buy Now Pay Later lenders should need to check affordability and suitability under 9C(3) of the CCCFA. Credit reports alone do not provide sufficient information on which to base a lending decision – see the attachment which shows the credit report for one of my clients and their actual debt schedule and noting the large number of debts which are not visible via the credit report.
- Introduction of a super-compliant mechanism and other tools to deter unfair conduct.

I endorse all of FinCap's answers to the thirty-five questions posed, with one exception – I would prefer Option A2 to amend the minimum requirements for fair conduct programmes to include fees/charges and recording/resolving consumer complaints.

Conclusion

Thank you for considering my submission. I have chosen not to respond to each question as I consider FinCap has provided sufficient comment on each one and the examples come from financial mentors from around the country.

Please contact me on Privacy of natural persons or at **Privacy of natural persons** to discuss any aspect of this submission further.

Ngā mihi,

David Verry

Privacy of natural persons



Financial Mentor

North Harbour Budgeting Services & Auckland Central Budgeting